

U.S. Studies Routes For Invading Iraq

Contingency Plans Would Require Authorization of Turkey and Jordan

By Patrick E. Tyler
Washington Post Service

SAHARA, Saudi Arabia — U.S. Army and Marine Corps officers have drafted contingency plans to mount ground assaults against Iraq from as many as four directions, according to military officials.

Such combat operations would require U.S. troops to cross the Jordanian desert and Turkish mountains to get to the Iraqi frontier.

The purpose of these multiple assaults, the officials said, would be to prevent President Saddam Hussein of Iraq from massing all 40,000 members of his elite Republican Guard against a U.S. invasion force that might be called on to attack Iraqi troops occupying Kuwait.

U.S. intelligence officials rate the Republican Guard troops, instrumental in Iraq's military victories over Iran in 1988, as equal in training and motivation to U.S. combat troops.

The contingency plans for a multi-front war against Iraq are being prepared for President George Bush in the event a United Nations trade embargo fails to dislodge Iraq from Kuwait and the administration decides to attack.

Secretary of State James A. Baker 3d refused to discuss the plans. The Associated Press reported from Washington. Saying in a broadcast interview that he would not talk about possible operations, he added, "You're going to see speculative plans from time to time."

Among the most sensitive aspects of the U.S. planning is the requirement that the Bush administration secure attack corridors through Turkey and Jordan to open western and northern fronts against the Iraqi Army and dilute the combat power of its ground forces.

The opening of these fronts would take pressure off any landing by 11,000 marines now aloft in amphibious assault ships and armored assaults by U.S. Army and multinational combat troops now in defensive positions in northeastern Saudi Arabia.

The navy commander of the first Marine amphibious group to arrive in the area said Friday that in seizing Kuwait, Iraq took more Gulf coastline than it could adequately defend.

And the Marine commander of the task force, Major General Henry



Egyptian soldiers landing on Sunday at the Saudi Arabian port of Yanbu were among 15,000 expected to arrive in the next two weeks. Also coming ashore were 42 helicopters from France's Rapid Action Force, which flew from the carrier Clemenceau in the Red Sea.

Iraq Threatens To Strike Israel And Oil Fields if Sanctions Choke

By John F. Burns
New York Times Service

AMMAN, Jordan — President Saddam Hussein of Iraq warned Sunday that Iraq will attack oil fields in Saudi Arabia and other Arab states and use force against Israel if Iraq's 16 million people are "strangled" by the economic sanctions imposed by the United Nations.

After a meeting in Baghdad with Iraq's other top leaders, Mr. Hussein issued a statement in the name of Iraq's ruling Revolutionary Command Council that appeared to bring the threat of war in the Kuwait crisis a step closer.

In previous pronouncements since Iraq's invasion of Kuwait, Mr. Hussein has spoken of striking the Saudi Arabian oil fields and Israel in reply to a U.S. military attack on Iraq. This time, he appeared to be saying that Iraq might mount a preemptive strike, though whether by military action or terrorist actions was not specified.

The statement Sunday, read over Baghdad radio and television, centered on the effects on Iraq of the trade embargo that has cut off all but a small portion of Iraq's trade, including food imports that have accounted for more than 70 percent of Iraq's requirements.

Attributing the sanctions to the United States, the statement said that the penalties had been imposed "in a way that exceeds all humanitarian limits" and that they were cruel even by the standards of those who "believe in the law of the jungle."

The statement went on: "We will never allow anybody, whoever he may be, to strangle the people of Iraq without having himself strangled. If we feel that the Iraqi people are being strangled, that there are some who will deal a sanguinary blow to it, we will strangle all those who are the cause of this."

The oil areas in Saudi Arabia and in other states of the region, all the oil installations, will be rendered incapable of responding to the needs of those who came to us as occupiers in order to usurp our sovereignty, dignity and wealth," the statement said. It added: "Israel will be affected in all actions that

effect the owners of the homeland," meaning Iraq.

The possibility of preemptive strikes by Iraq was alluded to more than once. After warning that those threatening Iraq should be warned that "We will turn the whole area, including the oil fields, into flames," the statement added:

"Those who wish the flood to overtake the Iraqi people and the nation, and are planning for this, should remember well that the waves of the flood will overwhelm them before they overwhelm the Iraqi people."

After a flurry of actions a month ago that appeared designed to ease tensions in the Kuwait crisis, including the decision to release women and children among the 11,000 Western hostages in Kuwait

More Gulf News
The last "freedom flight" took evacuees to Britain and the United States. Page 6.
Embassy expelled by Riyadh reportedly sent on U.S. and other military targets. Page 7.

Policy Split Among G-7 Nations Spells Weakness for Dollar

By Carl Gertz
International Herald Tribune

PARIS — Analysts expect more of the same — continuing dollar weakness — when foreign exchange markets react Monday to the weekend statement from the Group of Seven meeting in Washington.

The dollar is likely to suffer, they say, because the United States is seeking to lower interest rates in an effort to avert recession while Japan and West Germany, more concerned about restraining inflation, are pursuing tight credit policies.

At best, said Paul Chertkow, Citibank's chief currency strategist in London, the dollar could benefit from a "knee-jerk reaction" from traders who may not be concerned about what he predicts will be an imminent substantial cut in U.S. interest rates.

But Mr. Chertkow, consulting with several banks, said by analysts in Tokyo, Frankfurt, Paris and New York, said that there was nothing in the communiqué issued after a seven-hour meeting of finance ministers and central bank governors from the seven leading industrialized nations to alter the dollar's basic downward trend.

The Group of Seven parley, a standard event preceding Monday's joint annual meeting of the International Monetary Fund and the World Bank, concluded

ed that "the correct policy response" to the twin dangers of inflation and slow growth stemming from the sharp rise in the price of oil is "stability-oriented" monetary policies and "sound" fiscal policies, which would sustain the expansion for another year next year.

There were no surprises in the statement. The wording on monetary policy was softer than the tougher commitment to "not accommodate" inflationary pressure.

The Group of Seven says recession can be averted despite the impact of the Gulf crisis. Page 9.

... which had been sought by Japan and West Germany.

The difference highlighted a growing policy conflict between the United States, the world's largest debtor, and Japan and Germany, the major surplus countries, according to John Lipsky, London-based analyst for Salomon Brothers.

This growing rift over policy, Mr. Lipsky added, "is a recipe for additional dollar weakness."

The debate over the wording in the communiqué "is indicative of the difference in views stemming from

the underlying differences in the economic situation, with the United States weak and entering recession and Japan and Germany both in relatively strong cyclical positions," said Norbert Walter, senior economist at Deutsche Bank in Frankfurt.

The point the analysts make is that the United States is out of economic synchronization with Japan and Germany, entering a slowdown whereas the others are still experiencing full expansion.

"Their priorities are different," said Christopher Potts at Banque Indosuez in Paris. The Americans are focused on sustaining growth while the Japanese and Europeans are emphasizing controlling inflation.

The experts do not expect a precipitous decline in the dollar immediately.

"It's far too early for that," Mr. Potts said. He cites the Gulf crisis and hesitation about whether that results in a war or a negotiated settlement as restraining traders from "aggressive position taking" against the dollar.

In addition, there is considerable uncertainty about what trend emerges in Tokyo, which is closed Monday for a national holiday.

The fiscal first half for most companies ends this month and no one has a clear idea yet whether the

Japanese — who have been selling foreign assets to help make up for losses suffered in the domestic stock and bond markets — will return to foreign markets or continue to sell in anticipation of more bad news in the second half.

Japanese analysts warn that a further decline in Japan's stock prices could fuel the need to go on liquidating foreign assets on which investors are still showing a profit. One banker said that a decline in the Nikkei average of Tokyo stock prices below 23,000 would intensify the need to sell foreign assets. The Nikkei, down 39 percent from the end of last year, closed Friday at 23,777.83.

All the experts are agreed that declining interest rates in the United States will make that market and the dollar less attractive to foreign investors. The only question they have is the timing and the size of the move, which is seen as triggering the dollar's next big slide.

Rimmer de Vries, J.P. Morgan's economist in New York, said the Fed would be "dragging its feet and moving cautiously."

He expects a quarter-point cut in short-term rates

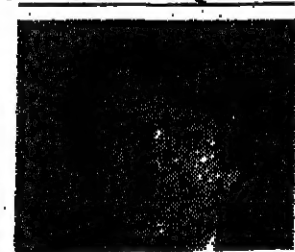
See G-7, Page 11

Kiosk

Hopes Revive On Cambodia

BANGKOK (Reuters) — Leaders of the three Cambodian guerrilla factions accepted a compromise on Sunday proposed by their rival leader, Prince Norodom Sihanouk, and asked for an early resumption of peace talks, reviving prospects for an end to the nation's civil war.

MONDAY Q&A



Robert M. Orr, director of Stanford's Japan Center, discusses Tokyo's "reactive" foreign policy. Page 2.

General News
Boris N. Yelstin said Russia would resist special powers for President Gorbachev. Page 5.

Sports
Austria is one set away from upsetting the United States and meeting Australia in the Davis Cup final. Page 18.

Crossword Page 6.



Mr. de Klerk and his wife, Marike, at left, being greeted on Sunday in Washington by Mr. Baker and his wife, Susan.

De Klerk, in U.S., Recalls Rights Struggle

By Thomas L. Friedman
New York Times Service

WASHINGTON — President Frederick W. de Klerk, citing the slain civil rights leader Martin Luther King Jr. as an inspiration for the process of change he has initiated in his own country, arrived Sunday in Washington for talks with President George Bush.

It was the first visit by a South African head of government to America since Jan Smuts met Franklin D. Roosevelt in 1945.

After four decades during which South Africa has been kept at arm's length by Washington because of its apartheid policies, Mr. de Klerk

stepped off his jet into a red-carpet reception at Andrews Air Force Base.

His was the first South African Airways plane to land in the United States since Congress banned air links with South Africa as part of anti-apartheid sanctions imposed in 1986.

Mr. de Klerk was invited to Washington in February by President Bush after he released Nelson Mandela, the African National Congress leader, from prison and initiated negotiations to end white-minority rule.

"I am deeply aware of the historical importance of this visit," Mr. de Klerk said at the airport. "South Africa has embarked on a great journey. It is a journey towards full democracy

at home and, abroad, full participation in the family of nations. It is a journey that I sincerely believe will bring the fruits of both justice and economic well being to every South African family."

Although a sparse official arrival ceremony for Mr. de Klerk was in marked contrast to the multimillion ticker-tape parades that greeted Mr. Mandela last June, it apparently did not diminish his satisfaction.

"In a few moments, we will begin our visit to Washington at the Reflecting Pool," said Mr. de Klerk, referring to the ceremony where he

See DE KLERK, Page 6

Is Iran Breaking Embargo?

U.S. Says Tehran Is Allowing Food Shipments Into Iraq

By George Lardner Jr.
Washington Post Service

WASHINGTON — U.S. officials have detected evidence that Iran is allowing some food shipments into Iraq, and they expect Iraq to help President Saddam Hussein of Iraq just enough to prolong the crisis in the Gulf without strengthening his hand.

The officials added that it could take months, perhaps years, before Iraq feels the full force of the international trade embargo imposed on it after its invasion of Kuwait.

"It is going to take some time — 8 months, 18 months, 28 months — it's hard to say," one of the officials said. If Iran agrees to an Iraqi request for a hookup of oil pipelines, he said, it will allow the Iraqis "to survive the sanctions almost indefinitely."

Iran has not yet responded to the request, according to intelligence reports reaching Washington, but administration officials say that an Iran-Iraq pipeline carrying from 200,000 to 300,000 barrels a day could be completed in 30 days.

In exchange, Iran would provide Iraq with fresh supplies of food and medicine, if not hard currency, and would probably charge a large per-barrel premium, the officials said.

The officials would not comment on the kinds or amounts of Iranian foodstuffs that they said are reportedly showing up in Iraqi marketplaces. But they said they were convinced that Iran was allowing some food shipments across the border.

The Iranians "don't want to strengthen Saddam, but just to keep him afloat enough so that he doesn't go down easily, enough to cause us problems," this official suggested.

The Bush administration is also studying the possibility that a shuttle of oil tankers plying coastal waters from Iraq to Iran might be approved to evade the embargo.

According to intelligence reports, three Iraqi tankers recently took on about 2.4 million barrels of oil at a terminal on the Gulf and could deliver it to Iran's Kharg Island terminal without entering international waters.

Iran Criticizes U.S. Anew
Alan Cowell of The New York Times reported from Cairo: President Hashemi Rafsanjani

of Iran has renewed Tehran's criticism of the U.S. military presence in the Gulf, terming it dangerous and arrogant.

At the same time, he condemned Iraq's invasion of Kuwait, which spurred the Western deployment in Saudi Arabia and elsewhere, saying its principal beneficiary was Israel and the immigration there of Soviet Jews.

Mr. Rafsanjani, whose comments were reported Sunday by Tehran Radio, was speaking at a banquet Saturday for President Hafiz Assad of Syria, who is in Tehran, Western diplomats said, to press Iran to observe the international embargo on Iraq.

Mr. Assad, who has promised to send 15,000 soldiers and 300 tanks to Saudi Arabia to join the U.S.-dominated force there, took a more muted line toward the presence of foreign forces in Saudi Arabia — one of the most sensitive issues in a region once dominated by outsiders.

Like the Iranian president, Mr. Assad condemned the invasion of

See IRAN, Page 6

Return of 'Boat People' Pushed

By Steve Glain
International Herald Tribune

HONG KONG — The mandatory repatriation of Vietnamese who have sought exile in Hong Kong is likely to begin before the end of the year under a breakthrough agreement announced over the weekend, Hong Kong's governor said Sunday.

The governor, Sir David Wilson, said he favored the mandatory return, "as soon as possible," of thousands of Vietnamese who have fled their homeland for Hong Kong but who are found to be economic migrants and not political refugees.

His comments followed the announcement Saturday of an agreement reached in Hanoi among Britain, Hong Kong, Vietnam and the United Nations High Commissioner for Refugees. The agreement effectively recognized a class of Vietnamese that some officials were calling "acquiescent nonvolunteers."

"The agreed objective is to initiate a continuing program of repatriation of those nonrefugees who, while not volunteering to return to Vietnam, are nevertheless not opposed to repatriation," the statement said.

Sir David asserted at a news conference, however, that "the objective is to return to Vietnam all those who are found not to be refugees. It must be the objective. You cannot have people who are nonrefugees spending year after year in camps. That is simply not right."

It was not immediately clear how many of the Vietnamese in Hong Kong would be denied refugee status and, of those, how many could be persuaded to return home.

About 55,000 Vietnamese are being held in crowded camps in Hong Kong. The majority of those who have been assessed were found to be economic migrants without genuine fear of persecution in Vietnam and thus were not eligible for resettlement overseas, according to internationally accepted criteria.

As of July, 2,031 Vietnamese had been screened by the government as political refugees. 32,513 were awaiting interviews, and 11,530 had been identified as economic migrants and listed for return to Vietnam.

The British colony's secretary for security, Alistair Asprey, said on his return from the talks in Hanoi that the program could start within weeks.

"There is a clear commitment on all sides to send nonrefugees back," he said. "We are taking things step by step. There has to be a little bit of time."

"Perhaps by the end of the year we will see if any other steps are needed. But no one talked about using force."

In March last year chartered flights started carrying volunteers back to Hanoi. Only 4,361 have gone back so far, and Hong Kong has been pressing for other ways to cut the numbers in the camps.

Sir David said the United Nations

See RETURN, Page 6

Neighborliness of West Germans Is Wearing Thin

By Serge Schmemmann
New York Times Service

BAD HARBURG, West Germany — Everybody here has stories of the euphoria last November, when the border at Eckertal, a few miles to the east, suddenly began to open.

"At first it was a small hole, and they kept chipping away, and then the first Trabi drove through," said Heinz Sinkomat, the deputy city manager.

Years and sparkling wine flowed freely, and people from both sides were seized with feelings of kinship and pride.

Now, with unity just weeks away, the residents of Bad Harzburg look to their Eastern neighbors with something of the condescension and irritation that a comfortable bur-

gher might feel toward a poor relative come to stay.

Mr. Sinkomat said that at first, when visitors from East Germany took their first stunned walks along Herzog Wilhelm Street, the elegant pedestrian mall of this resort town, "Westies" picked up to buy groceries or trinkets for "Ossies" or Easters, sometimes also referred to as "zonies," the more derogatory name derived from the Soviet occupation zone in which they lived.

But before long, people began to gripe about the traffic and the sputtering Trabant sedans, about the East Germans clogging supermarket checkout lines, about the high cost of unity.

Recently, Mr. Sinkomat said, an East German with a full shopping cart angrily turned

to complaining West Germans behind him and shouted: "We waited in line for 40 years! Now you can wait!"

Stereotypes have hardened. To hear people on the street, Easters dress shabbily, seem timid, overrun discount stores, work badly and have a rude Saxon accent.

They want to have all the television sets, cars and washing machines for which the West Germans worked for 40 years.

"They think that because they haven't had anything for 40 years they can demand it all now," said Karin Lutz, a sales clerk in a jewelry store. "They want to have everything in one day if possible. You just want to say to them: 'You can't be lazy and stand around



See GERMANY, Page 5

Gulf Crisis Clearly Defines Japan's 'Reactive' Foreign Policy

Robert M. Orr is the author of "The Emergence of Japan's Foreign Aid Power," which established him as a leading authority on Japanese foreign policy and economic assistance. He is director of the Stanford University Japan Center in Kyoto, where he spoke with Patrick L. Smith of the International Herald Tribune.

Q. You've characterized Japan's policy apparatus as "reactive." Is this reflected in Japan's current policy dilemma on the crisis in the Gulf?

A. It's precisely demonstrated. Consensus in Japan is infinitely more difficult to achieve than most people realize. There has been a tremendous amount of infighting among ministries as to Japan's appropriate role, and after a month of bickering and dickering, there's still an inability to create a single policy. The

only thing pushing Japan forward has been "foreign pressure" from the United States. Without it, in my view, Japan would have done almost nothing.

Q. What's the basic problem here? Why can't Tokyo produce a set of responses?

MONDAY Q&A

accepted as appropriate in the United States and elsewhere? Is Japan still in the world but not of it?

A. It's not a question of meeting expectations. Japan should be creating policies to contribute to resolving a truly global crisis. It should move before Washington makes requests. Because of the systemic problem I just mentioned, it's unable to do so.

Q. Isn't there an attitude problem as well?

A. Certainly the Japanese public doesn't necessarily see a great crisis yet. For some Japanese, used to depending on the United

States, there's always a feeling that in the final analysis foreign policy really comes down to U.S.-Japan relations. Overall policy is constructed with that in mind. What they should be thinking about is the globalization of policy.

Q. Do you see this crisis as a turning point? What will come out of it—constitutional revision, that sort of thing?

A. It could be a turning point. Certainly, revisions in the Self-Defense Law [which limits Japan to defending its own shores] will be discussed. I'm not yet convinced, however, that great change can be achieved. Japan has never faced crisis decisions in the postwar period. In this case, crisis decision-making failed.

In the U.S. Congress, there will probably be more calls to revise the U.S.-Japan security treaty—in a sense, to globalize U.S.-Japan bilateral relations. Remember, when Japan signed the 1952 treaty, and the revised treaty of 1960, it was a nonplayer, practically a backwater state.

That treaty required only that the United States come to Japan's defense. But the Cold War's over, and there are going to be more brushfire incidents that aren't ideological per se. These will require more than a U.S. response, and Japan has to be part of that.

Q. Amid all the controversy, Japan is moving closer to the world's largest aid donor, if it isn't already.

A. In disbursement terms, Japan became the largest donor nation in June. It has made tremendous progress in a very short time. But it's a policy created in part as a response to criticism of Japan as a "free rider," and in part to mollify critics on trade issues. The concern is not necessarily with developing countries, but with how other advanced countries view Japan.

Q. Can Japan spend all that it says it will? What is the implication here as far as the quality of aid?

A. It's difficult. Japan has a notoriously small staff. It's the same size as Britain's, but Britain has an aid program one-fifth as big as Japan's. The decision-making process, involving four ministries on each loan, is complex, to say the least. And a lot of the countries involved, such as Indonesia, simply cannot absorb the volume.

Q. As to quality, Japan is by far the weakest in extending grant assistance. It says loans create discipline among recipients. But there are occasions when Japan creates debt instead of development.

Q. To what extent is Japanese aid still driven by commercial interests?

A. Because of the weakness in staff, they've had to depend on the private sector for help. But Japan has made progress in unifying. Last year, more European and American companies won procurement contracts from these loans than Japanese companies for the first time.

Jakarta Bank Scandal Taints Some Close Suharto Advisers

By Steven Erlanger
New York Times Service

JAKARTA — A scandal involving Indonesia's second-largest private bank has become a serious political issue here, embarrassing some of President Suharto's closest advisers and illuminating some of the close connections between business transactions and prominent Indonesian families.

Two weeks ago, the nation's central bank announced that because of "improper foreign exchange dealings" leading to losses of \$200 million to \$310 million, it was assuming de facto control of Bank Duta and replacing all its commissioners and directors.

Bank Duta is the largest bank in Indonesia not owned by ethnic Chinese, an important symbol in a country extremely sensitive to the disproportionate economic power of an ethnic group that makes up less than 3 percent of the population.

Even more important, Bank Duta is 73.4 percent owned by three foundations of which Mr. Suharto is chairman. And one of its major customers is the Bimantara group, run by Mr. Suharto's second son, Bambang Trihatmodjo. Bimantara is the largest non-Chinese company in Indonesia.

Bankers and Asian diplomats say Mr. Suharto is furious at the loss, and it remains unclear where the money went.

Some Indonesians eager to see Mr. Suharto step down in 1993, after his fifth term as president, said the scandal underscored the close connections between major businesses and banks and the president's family and close associates.

In a strongly worded editorial on Sept. 15 that diplomats called remarkable, The Jakarta Post said the scandal had brought the credibility of Mr. Suharto's 25-year leadership, called the New Order, into question.

"The Bank Duta fiasco, unintentionally, of course, has become a symbolic warning signal about whether the New Order is now suffering from systematic fatigue, or moral carelessness," the editorial said.

First reports said that Bank Duta had been caught in speculation on the dollar with the national bank of Kuwait when Iraq invaded Kuwait on Aug. 2. But the central bank governor, Adhikus Mooy, said the crisis had been set off by missing financial data not listed on the bank's ledger.

"It's difficult to control off-balance-sheet activities," Mr. Mooy said. "It's almost the same as stealing."

In what analysts said was a measure of Mr. Suharto's annoyance, he allowed the dismissal of a chief commissioner of Bank Duta of a cabinet minister who has been very close to him, Bustanil Arifin.

Mr. Arifin is the minister of cooperatives, and his wife is close to Tien Suharto,

the president's wife. Mr. Arifin is himself a major depositor in the bank and said he took ultimate responsibility.

But he told the Indonesian weekly Tempo that he "was disappointed" by that gambler Dicky Iskandar D. Nata, who was the bank's deputy director and was responsible for extending credit. He is married to Mr. Arifin's daughter.

On Thursday, Mr. D. Nata's house was searched by officers of the attorney general's office, and he was arrested.

Mr. Arifin told Tempo that he was afraid and ashamed. "I am very close to President Suharto, who has trusted me," he said. "Now I am scared."

Bhutto Called to Court Over Corruption

Compiled by Our Staff From Dispatches

LAHORE, Pakistan — A special one-judge court on Sunday ordered the former prime minister, Benazir Bhutto, to appear in court Oct. 2 to answer corruption charges that could force her out of elections next month.

Justice Rashid Aziz Khan ordered her to appear to show why she should not be barred from public office.

If convicted, Miss Bhutto, 37, leader of the Pakistan People's Party, could be disqualified from the Oct. 24 elections and from holding any public office for seven years.

Justice Khan said the army-backed caretaker government had presented evidence against her.

The government prosecutor, Mr. B. Zaman, said at the hearing that his evidence showed that Miss

Bhutto to answer for her personal instructions to allot land for a luxury hotel in Islamabad, the Lakeview, in contravention of the city plan.

The hotel is at the center of efforts by Pakistan's interim government to prove that Miss Bhutto and her former ministers abused their powers in office.

In the elections, Miss Bhutto is a candidate for the 217-member National Assembly, the law-making lower house of parliament.

She has not made clear whether she will comply with the order to appear. If she refuses, she could still be tried in absentia. She has said previously that she will not appear before the tribunals set up to try corruption charges against her and her former government.

President Ghulam Ishaq Khan dismissed her 20-month-old government Aug. 6 on charges of corruption, political incompetence and abuse of power.

Four corruption charges — two filed in Lahore and two in her hometown of Karachi — have been filed by the caretaker government before special tribunals. Three are still pending.

The charge accepted by Justice Khan alleged that Miss Bhutto misused her power by illegally approving the sale of 287 acres (115 hectares) of federal land to a London-based company operated by a cousin. The land, which was sold at reduced prices, was to be used for the luxury hotel and a resort outside Islamabad.

Other accusations involve the granting of distribution rights of liquefied petroleum gas, a case

which will be heard on Monday in Lahore.

The two cases in Karachi relate to the sale of cotton to a British company at less than competitive prices, and the appointment of a consultant in a power distribution project that was funded by the Asian Development Bank.

Miss Bhutto won election in November 1988 and took office a month later as the first woman to lead a modern Muslim nation.

The caretaker government has spent much of the last month trying to portray Miss Bhutto's administration as the most corrupt in Pakistan's 43-year history.

Many Pakistanis and foreign diplomats have criticized the tribunals as one-sided. (AP, Reuters)



Mr. Taylor making his announcement of a cease-fire.

Combatants in Liberia Observing Cease-Fire

Compiled by Our Staff From Dispatches

MONROVIA — A unilateral cease-fire in Liberia called by a rebel leader was being respected Sunday by the combatants in Monrovia.

Sporadic gunfire Saturday afternoon in the capital had mostly ended by evening, although a few shots were heard during the night. No more gunfire was heard Sunday.

All the armed groups in Liberia appeared to be observing the cease-fire; the guerrillas under Charles Taylor, leader of the rebel National Patriotic Front of Liberia, who called the cease-fire; the remaining soldiers of the government of the late president, Samuel K. Doe; the troops of the West African peacekeeping force, and the rebel splinter group led by Prince Johnson.

The halt in the fighting brought hope that food, including 5,000 tons of rice from the U.S. government, could be delivered to the devastated capital.

Some of the rebels were capitalizing on the cease-fire to refuel their vehicles from service stations seized in the recent fighting.

Timidly, Monrovia's residents

were beginning to show themselves, but no one had begun taking for burial the numerous corpses rotting in the streets.

The civil war, which began with attacks by Mr. Taylor's rebels on Dec. 24, is believed to have left nearly 10,000 people dead in this nation of 2.5 million people. More than 600,000 people have fled into the neighboring countries of Guinea, Ivory Coast and Sierra Leone.

Mr. Taylor, announcing the cease-fire at a news conference in the bush on Friday, said he wanted peace talks but would not settle for an agreement that did not make him president. He has offered cabinet posts to his rivals.

Others claiming to be the Liberian president are Mr. Johnson, the rival rebel leader; Brigadier General David Nimley, a former aide to Mr. Doe; and Amos Sawyer, an opposition figure who was chosen at a conference of Liberian exiles on Aug. 30.

West African leaders, who sent a 3,000-man task force to Monrovia last month to stop the fighting, have not commented on Mr. Taylor's cease-fire announcement. (AP, AFP)

UNIVERSITY DEGREE
BACHELORS • MASTERS • DOCTORATE
For Work, Life and Academic
Experience • No Courses
Attendance Required
(213) 471-0306
FAX: (213) 471-6456
Call or write for information
or send detailed resume for Free Evaluation
Pacific Western University
7 Waterfront Plaza, 500 Ala Moana Blvd.,
Dept. 23, Honolulu, Hawaii 96813

INSIGHT
GUIDE'S
EGYPT



Bombs Wound 8 In Manila on Eve Of General Strike

United Press International

MANILA — Bombs exploded Sunday in two international hotels in the financial district, wounding eight persons. The police and armed forces went on alert for a possible uprising by rebel soldiers during a general strike called for Monday over higher petroleum prices.

The police said the explosions took place in rooms at the Hotel Nikko Manila Garden and the Mandarin Oriental Hotel. Officials have blamed army rebels for a series of bomb attacks in Manila and nearby towns in what they call a destabilization campaign in advance of a coup attempt.

Labor groups led by the radical May 1 Movement said Sunday that they would begin the general strike to protest government oil price rises averaging 32 percent.

President Corason C. Aquino appealed on the radio for public understanding of the price increases, which she attributed to the Gulf crisis.

WORLD BRIEFS

Japanese Cabinet Official Criticized For Likening Prostitutes and Blacks

TOKYO (AP) — Japan's new justice minister has compared prostitutes in Japan to black Americans who move into white neighborhoods and "ruin the atmosphere." He said later that no racial slur had been intended.

The comment, by Seiichi Kajiyama, was the latest in a series of remarks by Japanese government officials that have offended American minority groups. A Washington civil rights group criticized the comment. "It's a reprehensible and racist statement," said Ralph Nease, executive director of the Leadership Conference on Civil Rights.

Mr. Kajiyama made the comment at a news conference Friday after observing a nighttime raid on the Shinjuku district of Tokyo, a notorious red-light district. "Bad money drives out good money, just as in America, where the blacks came in and drove out the whites," the daily newspaper Mainichi Shimbun quoted him as having said. Prostitutes ruin the atmosphere of neighborhoods in the same way, he said.

A Justice Ministry spokesman confirmed the comments Saturday. Mr. Kajiyama issued a statement saying that he had not intended to address racial matters but that his comments had contained "expressions that may cause misunderstanding." He did not make an explicit apology.

Israeli Aide Backs Shooting of Arabs

JERUSALEM (Reuters) — A cabinet minister said Sunday that the shooting to death and burning of an Israeli soldier justified Jewish shooting to kill Arab assailants without fear of investigation or prosecution. "We need to change the atmosphere," the health minister, Ehud Olmert, said after a cabinet meeting discussed the killing on Thursday of a reserve soldier. "There must be a sense, once and for all, that whoever finds himself in this situation has the authority to use his weapon and to kill those who want to kill him without later facing a commission of inquiry or imprisonment."

Palestinians killed the reservist, Amnon Pomerantz, 46, when he drove into a refugee district in the occupied Gaza Strip, apparently by mistake. He did not fire his rifle as Arabs stoned him and set his car alight.

Swiss Approve Nuclear Moratorium

GENEVA (Reuters) — Swiss citizens have voted to forbid the construction of nuclear power plants for the rest of the century but not to abandon nuclear power altogether.

Voters in many traditionalist areas joined the anti-nuclear lobby in voting for a 10-year moratorium on building new plants, despite warnings of lower living standards and increased dependence on imported oil. The government announced that 947,356 people voted for the moratorium and 787,247 against. The vote also had to be approved in a majority of the 26 cantons or half-cantons. Of these, 22 were for and 4 against.

British MP Shaken by Report of Affair

LONDON (Reuters) — A member of Britain's House of Commons said Sunday that he would not seek re-election following reports that he had a 24-year affair with a singer.

An aide said that Sir Anthony Meyer, 69, who gained national prominence last year when he became the first person to challenge Prime Minister Margaret Thatcher's leadership of the ruling Conservatives, would not seek to regain his Welsh parliamentary seat in the next general elections. The elections must be called in 1991 or 1992.

Sir Anthony, who is married, declined to comment on allegations in the Sunday Mirror and other newspapers about his relationship with Simon Washington, 49, a former model and blues singer who claims to have kept an intimate diary.

India Tries to End Student Protests

CHANDIGARH, India (AP) — Prime Minister Vishwanath Prasad Singh agreed Sunday to talk with students opposed to his plan for a job quota for lower castes, and a 48-hour curfew was imposed in several northern Indian cities in an attempt to end protests.

Mr. Singh plans to increase the number of places for members of low castes from 22 percent to nearly 50 percent of all jobs with the central government.

On Saturday, the Indian Army was asked to take control of the northern Indian town of Kurukshetra after student mobs set fire to government offices and attacked officials after a student burned himself to death to protest the job quota plan.

TRAVEL UPDATE

Forest Fires Rage on French Riviera

DRAGUIGNAN, France (Combined dispatches) — Forest fires were raging on the French Riviera on Sunday as 2,500 firemen and troops struggled to keep flames away from villages and towns. About 2,500 people had been evacuated from their homes since Friday night when the fires broke out. No casualties were reported.

Roads were cut and dozens of homes burned as flames fanned by high winds cut a trail of devastation. Firemen, backed by 13 water-bombing planes and bulldozers, said 11,500 hectares (28,400 acres) of forests had been destroyed. As much as 90 percent of the Marnes forest, already burned in earlier fires this year, was destroyed. Other areas hard-hit were north of Sainte-Maxime and near Fayos. (Reuters, AFP, AP, UPI)

Accommodation officials and hotel owners have begun a project aimed at cleaning up the resort, which has been blighted by overcrowding, litter, pollution and aggressive peddlers. Beaches and streets now are cleaned every morning and about 5,000 peddlers have been removed. (NYT)

Travelers who fly round-trip on Swissair from New York, Boston or Chicago to Austria, France, West Germany, Italy or Switzerland on dates through Dec. 15 are eligible for a free rental subcompact car for one week. The offer applies to two passengers traveling together. (NYT)

Revolving strikes by Greek airport personnel, power workers, customs officials, bank employees, teachers, transport drivers and garbage collectors, among others, are set to continue in the country this week. The strikes have caused delays and severe disruptions. (Reuters)

This Week's Holidays

Banking and government offices will be closed or services curtailed, the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Dominican Republic, Guinea-Bissau, Japan.

TUESDAY: Mozambique, Rwanda.

WEDNESDAY: Yemen.

THURSDAY: Ethiopia.

FRIDAY: Taiwan, Vatican City.

SATURDAY: Bangladesh, India, Israel, Paraguay.

SUNDAY: Botswana.

Source: J.P. Morgan, Re.

WEATHER

EUROPE				ASIA			
	HIGH	LOW			HIGH	LOW	
Amsterdam	12	8	F	Bangkok	24	20	F
Berlin	11	7	F	Beijing	22	18	F
Bombay	27	21	F	Hong Kong	26	22	F
Buenos Aires	18	14	F	Kobe	24	20	F
Calcutta	28	24	F	Manila	26	22	F
Cairo	24	20	F	New Delhi	28	24	F
Cardiff	11	7	F	Seoul	24	20	F
Chengdu	18	14	F	Singapore	26	22	F
Colon	24	20	F	Taipei	24	20	F
Copenhagen	11	7	F	Tokyo	22	18	F
Dallas	18	14	F				
Dhaka	28	24	F				
Disneyland	18	14	F				
Frankfurt	11	7	F				
Geneva	11	7	F				
Hankow	24	20	F				
Hanoi	28	24	F				
Harbin	18	14	F				
Hong Kong	26	22	F				
Kobe	24	20	F				
London	11	7	F				
Los Angeles	18	14	F				
Lyons	11	7	F				
Manila	26	22	F				
Medan	28	24	F				
Memphis	18	14	F				
Miami	18	14	F				
Minneapolis	11	7	F				
Montreal	11	7	F				
Moscow	11	7	F				
Mumbai	28	24	F				
Nairobi	28	24	F				
Osaka	22	18	F				
Paris	11	7	F				
Perth	18	14	F				
Portland	11	7	F				
Rangoon	28	24	F				
San Francisco	18	14	F				
Shanghai	24	20	F				
Singapore	26	22	F				
Sourabaya	28	24	F				
Taipei	24	20	F				
Tokyo	22	18	F				
Yokohama	24	20	F				

MONDAY'S FORECAST — CHANNEL 5, FRANKFURT: Showers, Temp. 15-18. (9-11) LONDON: Showers, Temp. 12-15. (9-11) NEW YORK: Partly Cloudy, Temp. 17-21. (9-11) MADRID: Showers, Temp. 12-15. (9-11) SAN FRANCISCO: Partly Cloudy, Temp. 12-15. (9-11) SYDNEY: Partly Cloudy, Temp. 12-15. (9-11) TOKYO: Partly Cloudy, Temp. 12-15. (9-11) HONG KONG: Partly Cloudy, Temp. 12-15. (9-11) MANILA: Partly Cloudy, Temp. 12-15. (9-11) BANGKOK: Partly Cloudy, Temp. 12-15. (9-11) BEIJING: Partly Cloudy, Temp. 12-15. (9-11) MOSCOW: Partly Cloudy, Temp. 12-15. (9-11) PARIS: Partly Cloudy, Temp. 12-15. (9-11) ROME: Partly Cloudy, Temp. 12-15. (9-11) VIENNA: Partly Cloudy, Temp. 12-15. (9-11) ZURICH: Partly Cloudy, Temp. 12-15. (9-11)

AMERICAN
TOPICSPins Ça Change, Pins
C'est la Meme Chose

"If I told you right now that I had been working on a film for the past five and one-half years that was about the Imperial Presidency, that was about a developing women's movement, that was about an ever-present civil rights question, about incompetent generals, about military contractors who sold shoddy goods to the government at inflated prices, about Wall Street speculators who traded on inside information and made millions, about flag desecration, you would say, 'You are making a piece about contemporary America.' But I am making a piece about the Civil War, and every one of these issues and more that touch us and reverberate today, reverberated back then. We will never not be fighting the Civil War in some way."

— Ken Burns, 37, a filmmaker who has just finished "The Civil War," a five-part, 11-hour television documentary, for the Public Broadcasting Service, in an interview for The New York Times with Jon Mims, who wrote the screenplay for "Apocalypse Now" and "Jernin Johnson."

Short Takes

For 36 years Bob Ausmus, a rancher in California's Mojave Desert, campaigned to get telephone service for his hometown of Cima (population 20). Finally, mountaintop transmitters are expected to provide service by early next year. But it will be too late for Mr. Ausmus, 69, who died of a heart attack last week, alone and 30 miles (50 kilometers) from the nearest phone. "If he had had a phone, I can't help but think he might be alive today," said J. Clayton Brown, a neighbor and lifelong friend. "At least he would have had a fighting chance."

For most doctors, four years of college, four years of medical school and four years of hospital internship are enough. But some physicians are now spending up to two additional years earning master's degrees in business administration and management, The New York Times reports. They want to qualify for public service, business ventures in pharmaceuticals and biotechnology, insurance work or hospital administration. "You can always hire consultants to tell you

what to do," says Thomas E. Baron, a urologist who runs a clinic in Springfield, Illinois, and holds an MBA, "but the problem is, you don't know if they're giving you good advice."

"My job as assistant district attorney in New York County," recalls Gerald Harris, a New York lawyer, was to prosecute the comedian Lenny Bruce in 1964 on a charge of using obscene language in his nightclub act. "My problem was, I couldn't stop laughing long enough to get it done. At a pretrial hearing, 'as the tapes were played in a packed courtroom, I bit my lip continuously to keep from bursting into laughter.' Mr. Bruce 'saw my struggle,' he said. 'Our eyes locked. At that moment, I knew I could not be Lenny Bruce's prosecutor.' Mr. Harris resigned from the case."

Shorter Takes: The California Legislature has passed a bill requiring all companies with more than 25 employees to give them up to four hours a year off from their jobs to visit their children's schools. • The Judicial Conference of the United States, which sets policy for the federal court system, has decided to admit television cameras to courtrooms on a three-year experimental basis. Forty-five of the 50 states allow cameras in court.

About People

Elliot L. Richardson, who during the Nixon and Ford administrations held more cabinet posts than anyone else in U.S. history — four — says that he was able to transfer from post to post quite a bit of the "knowledge of how to go about dealing with the problems of a department, and trying to give leadership." He also found dealing with the White House, the Office of Management and the Budget, the press and Capitol Hill to be similar in each case. "One can get to be more or less of a pro," he said.

Governor Mario M. Cuomo of New York, a former minor league baseball player, went before the National League expansion committee to argue that Buffalo should be granted a major league franchise. "These are baseball fans," he said of residents of the northern New York city. "They like being out at a game where it can rain on your head. I like the idea there is no roof on this field and that there's real grass that can die and get brown like it's supposed to."

Arthur Higbee

A U.S. Deficit Pact: Little Help Now, but Vital in Long Term

By David E. Rosenbaum
New York Times Service

WASHINGTON — At a news conference with out-of-town reporters last week, President George Bush said an agreement with Congress to reduce the federal deficit was "the best antidote to further economic slowdown."

But economists with a wide range of views on the dangers of the deficit agree that a budget deal would do little to help the country weather the current economic slump and could even worsen the situation for a time.

"The budget deficit didn't cause the recession, and fixing the deficit isn't going to cure it," said John H. Makin, director of fiscal policy studies at the American Enterprise Institute.

Mr. Makin and most of the other economists say that cutting the deficit now is in the country's long-term interest and that the president and Congress should not abandon their negotiations just because the economy is shaky.

But many say the immediate effect of raising taxes and cutting government

spending would be to slow the economy further. The Federal Reserve, they say, could be expected to lower interest rates in response to a serious plan to reduce the deficit. But they observe that changes in interest rates

NEWS ANALYSIS

generally take six to nine months to work their way through the economy, while tax and spending changes are felt at once.

"There is no way that raising taxes or cutting spending is not going to be contractionary," said Benjamin M. Friedman, a Harvard economist whose book, "Day of Reckoning," is widely cited in support of the view that large deficits pose grave dangers. "It does little good for people like me who believe strongly in a budget deal to say otherwise."

Mickey D. Levy, chief economist at CRT Government Securities on Wall Street, expressed the prevailing view.

"The primary reason for reducing the deficit," he said, "is not to influence the direction of the economy in the short run."

We want lower deficits to slow the growth in debt and to increase long-term economic potential."

Administration officials and congressional leaders have been working since spring on a plan to cut the deficit by \$50 billion in the next fiscal year and by a total of \$500 billion over the next five years. The deficit is now estimated at \$250 billion in a budget of \$1.2 trillion.

A smaller group of the Bush administration's three chief economic policy makers and the five top congressional leaders met last week in a back room at the Capitol and still failed to reach an agreement. They were to resume their talks this week.

Unless an accord is reached or the law is changed, across-the-board spending cuts of more than 30 percent in most government programs would automatically take effect with the start of the 1991 fiscal year on Oct. 1.

Economists say the economy would soon collapse under the strain of such large, indiscriminate spending reductions.

The main sticking point has been over

President Bush's insistence on a capital gains tax cut, and the Democrats' determination to impose higher taxes on the wealthy. There is also significant disagreement on how to apportion spending reductions.

Economists disagree over whether the economy is actually in a recession, is likely to enter one soon or will narrowly avoid one.

The official definition of a recession is a decline in the gross national product for six months in a row, which has not occurred.

Blue Chip Economic Indicators, the monthly survey of 50 prominent economists, found this month that 25 thought a recession had started or would start this year, and that eight expected a recession next year.

Even those others who do not see a recession at hand are forecasting a period of slow growth in which many parts of the country will feel a serious pinch.

So whether a recession actually occurs is a matter of definition; economists all agree that the economy is now weak.

Herbert Stein, chairman of the Council

of Economic Advisers under President Gerald R. Ford, said the deficit "does not tip the economy from one quarter to another."

But he added that it should be reduced for two reasons. "First, the effect of deficit reduction on long-term economic growth, while small, is worthwhile," he said. "Second, the deficit gets in the way of all kinds of other decisions, whenever we have to decide whether to help Poland or fight drugs or whatever."

In "Day of Reckoning," Mr. Friedman wrote that failure to lower the deficit would mean "a lower standard of living for individual Americans and reduced American influence and importance in the world."

Other economists observed that as long as the deficit remained high, the country would have to spend a larger and larger share of its resources to make interest payments to its creditors.

The General Accounting Office, the government's chief auditing agency, noted in a recent report that interest payments were rising so fast that at the current rate they would become the largest single item in the general fund of the budget by 1992.

Helms and Gantt Wage a War
Of Negative Campaign ImagesBy Robin Toner
New York Times Service

RALEIGH, North Carolina — Meet Harvey Gantt, the Democratic candidate for the U.S. Senate, as defined by the television advertising of his opponent, Senator Jesse Helms of North Carolina.

Mr. Gantt "is asking you and me to approve of some pretty awful things." He would allow abortions "in the final weeks of pregnancy." He opposes the death penalty "for rapists who brutally beat their victims." He wants to slash the military budget. He has "extreme liberal values."

Meet Mr. Helms, as defined by the Gantt campaign.

He would rather "fight a few artists" than help the schoolchildren of North Carolina. He has "the worst education record" in the Senate. He wants to change the U.S. Constitution "to fit his views." His television advertising should be labeled "hazardous to the truth."

Six weeks before the election, the Gantt-Helms race has become a classic battle of the airwaves, a volley of charges fired on the borders of the afternoon soap operas and the evening news.

According to a poll published Saturday by The Charlotte Observer, the race is virtually a dead heat.

Carter Wrenn, a top strategist for Mr. Helms, said he did not expect any debates between the senator and Mr. Gantt. The Helms campaign managers, unlike most, have often chosen not to publicize their candidate's appearances.

The Helms approach is epitomized by the closing of several of his commercials, in which a photo of him is shown with the label "North Carolina Values" and a photo of Mr. Gantt is shown with the label "Liberal Values."

"North Carolina is basically a state where the majority hold conservative values," said Charles Black, a Republican consultant who is advising Mr. Helms. "If they understand the difference, they'll go with the conservative."

The challenge for Mr. Gantt is to steer the debate

away from such emotional issues as the death penalty, which he opposes.

Mr. Gantt, who was Charlotte's first black mayor and who is often presented as a symbol of the New South, is trying to focus the campaign on such issues as education and the environment, but this is no small feat.

Few other campaigns can control a dialogue as well as the Helms organization, a battle-tested cadre of strategists who can create an unrelenting pressure.

"If you answered every charge, you'd barely have enough time or money to do anything else," said Mandy Grunwald, Mr. Gantt's political consultant.

Nevertheless, Mr. Gantt has withstood the onslaught well. "He's taken six weeks of very negative advertising on taxes, the death penalty and abortion," said Anita Dunn, a spokeswoman for the Democratic Senatorial Campaign Committee. "And the fact that the race is still deadlocked where it was has got to be of great concern to the Helms organization."

The Helms campaign has tried to depict Mr. Gantt, a supporter of abortion rights, as a man who would support third-trimester abortions as well as abortions for the purpose of sex selection. Mr. Gantt has labeled these charges "outright falsehoods."


The Gantt campaign has tried to depict Mr. Helms, who would allow abortion only if a woman's life was threatened, as a man who would force victims of rape and incest to bear their attackers' babies.

There have also been allegations from some Democrats, including the state Democratic chairman, E. Lawrence Davis Jr., that the Helms campaign has included "a subtle color message."

Democrats cite the heavy use of both candidates' photographs in the Helms advertising, the use of such phrases as "extremely different" to describe Mr. Gantt, and the frequent references to other black leaders.

Mr. Wrenn said he resented the accusation that there was a racial component to their message. "Jesse Jackson's supporting Harvey Gantt," he said, "and it's not racist for us to point that out."

Cartier



Santos de Cartier

Zürich, Paradiesplatz
Zürich, Turck-Bauhaus
St. Gallen
Zürich, Hotel New Park
Bahnhofstrasse 420
Zürich, Airport
Terminal A, B und Satellite
Bern, Marktgasse 3
New York
Tokyo
Sole und Lizenznehmer
in der Schweiz

TÜRLER
SCHMUCK & UHREN

a new European in Europe



BEKOTEKNIK of Turkey! After years of research, BEKOTEKNIK has combined technique in electronics with aesthetics.

TV sets employing this combined perfection are already in homes throughout Great Britain,

Holland, West Germany, Switzerland and Greece.

With Turkey at your doorstep, why not get acquainted with BEKOTEKNIK? Save both time and shipping costs by dealing with 'The new European in Europe'

Bekoteknik
The now generation of electronics

Russia Will Resist Emergency Powers For Soviet Leader

Compiled by Our Staff From Dispatches

MOSCOW — Boris N. Yeltsin and other leaders in the Russian Republic have assailed President Mikhail S. Gorbachev's plan for emergency powers as "impermissible" and said they will take all steps necessary to protect their republic's sovereignty.

In a bold action that makes an institutional collision inevitable, Mr. Yeltsin and the Russian legislature's Presidium served notice during the weekend that they intend to embark on a radical overhaul of Russia's economy, whatever the national legislature and Mr. Gorbachev decide for the country as a whole.

Under the urging of Mr. Yeltsin, Russia's populist president, the republic's legislature has endorsed a 500-day program that would sell off or lease most government-owned economic assets and rapidly replace state planning with free market forces.

National lawmakers charged with choosing an economic plan for all 15 Soviet republics have hesitated. Painting a dire picture of the country's "emergency," Mr. Gorbachev formally asked them Friday to grant him the power to issue decrees, in violation of existing law if necessary, on a broad range of topics ranging from economic management to the defense of public order.

A Special Airlift Will Carry Soviet Christians to U.S.

New York Times Service

WASHINGTON — The State Department and the Association of Evangelicals, through its refugee assistance arm, World Relief, have begun a special airlift to bring nearly 6,000 Soviet Christians to the United States.

The evangelical Christians had been stranded in the Soviet Union because they were taken by surprise by a Bush administration decision last year to tighten screening procedures for Soviet refugees.

The first 300 Christian refugees to join the airlift arrived in Chicago aboard a chartered jet Thursday, and another jet is expected to leave Moscow for the United States next Tuesday.

Nearly 9,000 evangelical Christians traveled to the United States last year.

Mr. Gorbachev implicitly told the Supreme Soviet, the national legislature, that he might have to institute direct "presidential rule" in certain places, shutting down if necessary local institutions, including elected bodies of government.

The top executive body in Russia's government said that if the Supreme Soviet grants Mr. Gorbachev's wish, it will not submit.

"The granting of the requested powers to the president of the U.S.S.R. is impermissible," the Presidium of the Russian Republic's Supreme Soviet declared.

In the event Mr. Gorbachev is given such powers, the Russian government "will take all necessary measures to defend the sovereignty and the constitutional system" of the Russian Republic," it said.

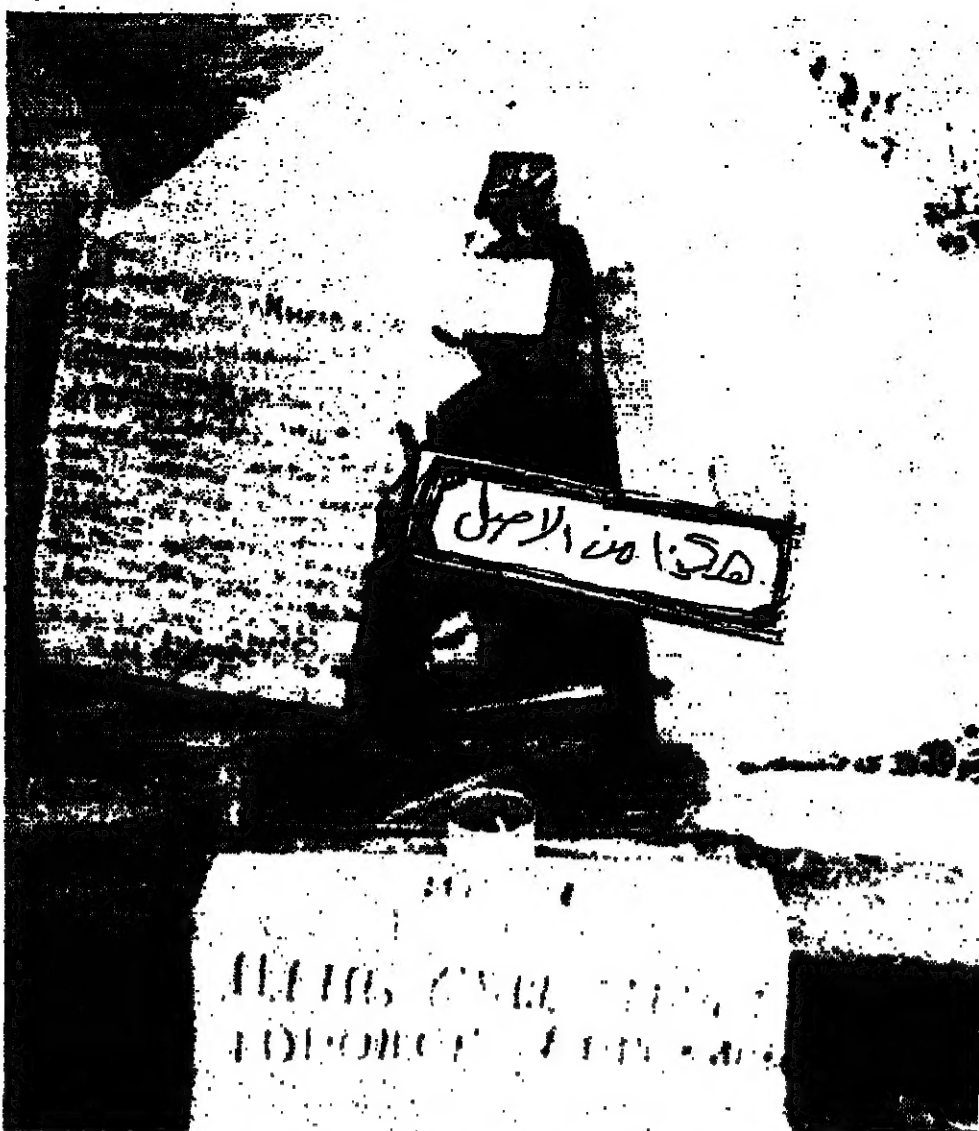
The statement, signed "B.N. Yeltsin," impelled the political understanding between Mr. Yeltsin and the Soviet president.

In August, Mr. Gorbachev and Mr. Yeltsin joined forces to create a think tank of economists that ultimately developed the 500-day plan. Mr. Yeltsin, however, has stressed the right of the country's biggest republic to choose its own road to economic recovery and has said he would carry out the plan whatever the Supreme Soviet decides.

Where the national legislature, which reconvenes Monday, to opt for the more conservative program advocated by Prime Minister Nikolai I. Ryzhkov, or try to merge the programs, it is doubtful that any country-wide plan could function if it came into real conflict with the approach pursued by Russia, which has nearly three-quarters of the Soviet Union's territory, half its population, and a high concentration of its natural resources.

The Russian leadership's statement said that "very important laws" to stabilize the republic's economy and begin the move toward a free market have already been written and will be adopted within days.

Leonid I. Abalkin, the most senior government economist, said in an interview published Sunday that the Soviet Union faces disaster and disintegration if it adopts a radical program. Mr. Abalkin, who is deputy prime minister, told the newspaper Sovetskaya Rossiya that adoption of the radical approach favored by President Gorbachev would fail to revive the economy and weaken the will to introduce a market-based system.



An unemployed man, in a makeshift shelter near Red Square, drawing attention to his situation.

Hungarian Tells of Meeting With Kohl on Opening Border

By Leigh Bruce

International Herald Tribune

LONDON — Hungary's former prime minister, Miklos Nemeth, says he met secretly with Chancellor Helmut Kohl in West Germany on Aug. 24 last year to inform him of Hungary's decision to let thousands of East German refugees flee to the West.

That decision led to the exodus of East Germans to the West, that began at midnight on Sept. 11, 1989.

According to Mr. Nemeth, his talks with Mr. Kohl lasted two and a half hours and led to an intensive round of secret diplomacy between the two countries. Special envoys met almost daily in Vienna to prepare for the border opening.

"I shall never forget what Herr Kohl's reaction was," Mr. Nemeth said. "Visibly taken with emotion, he uttered, 'The German people will never forget what you have done by making this decision.'"

Mr. Nemeth is considered one of the key figures in the events that led to the dismantling of communism in both his nation and Eastern Europe in general, principally because of his decision to open the border.

Mr. Nemeth was elected to his nation's parliament for the first time in November 1988. His tenure at the head of government lasted only a year and a half.

Though he asserted that he was "scared" for his future on several occasions when he received death threats and reports of East German

intelligence operations in his country, Mr. Nemeth says he was never tempted to turn back.

"I knew the attacks from Prague and East Berlin would get pretty harsh, but I was confident the attacks were meaningless," he said. He pointed out that President Mikhail S. Gorbachev had assured him in March that Moscow would not interfere in the nation's internal affairs and believed his East European opponents "would not move alone."

Mr. Nemeth was speaking at the International Business Outlook Conference organized by Oxford Analytica and the International Herald Tribune.

In his address to an audience of business and academic figures, Mr. Nemeth also made an plea for the West not to forget Eastern Europe as it grapples with the Gulf crisis. Warning of the dangers of allowing the current power vacuum in Eastern Europe to remain unfilled, he maintained that it was the "duty of Western Europe to extend help in all its forms to those of us in the East."

Foreign Minister Hans-Dietrich Genscher of West Germany and his former Hungarian counterpart, Gyula Horn, also participated in the secret meeting in August 1989, he said. The two Hungarian ministers flew to a U.S. military base near Cologne and from there were taken to Gynmich Castle by a West German military helicopter.

Mr. Nemeth said that as he de-

sended the airplane stairs, the U.S. base commander "snapped to attention and exclaimed, 'Welcome, Mr. Prime Minister.' This was my first indication that things had changed fundamentally."

He said that by the time he asked his ambassador to seek the meeting with Mr. Kohl on Aug. 17 — "But I did not reveal the topic until we were face to face" — the Hungarian decision to open the border had already been made half an hour by the inner cabinet of six senior ministers, he said.

As he described the process, the first step was taken soon after his talks in March 1989 with Mr. Gorbachev in Moscow. "We had begun to face real troubles from the beginning of 1989, when Hungarian-born refugees began to come in from Romania," he said. In the first few months of the year, more than 20,000 ethnic Hungarians had arrived.

In May, the decision was made to allow free travel for Hungarians to the West. By mid-August, more than 200,000 East Germans were camped out in Hungary hoping to get exit permits, despite agreements with East Germany that appeared to bar such a decision.

A fight had already broken out within the Communist Party and the government over how to react to the inflow of refugees, the former prime minister said. According to Mr. Nemeth's account, a powerful faction led by his predecessor, Karolyi Grosz, wanted to use force to repatriate the refugees.

"I reshuffled my cabinet in May to get rid of the people who opposed our decision to let the people go," said Mr. Nemeth, adding that he was under direct and indirect pressure from both East Germany and Czechoslovakia to crack down.

Exactly a week before the opening, on Sept. 4, 1989, the East German leader Erich Honecker "wrote from his hospital bed insisting I withdraw my decision, which I had learned," Mr. Nemeth said.

In his speech to the conference delegates, delivered at Blenheim Castle, Mr. Nemeth sketched out a vision of a liberal, democratic Eastern Europe, based on the free market and fully integrated in the European Community, and a new security structure. He promised "substantial rewards" to those who could help provide "innovative leadership and money — lots of it."

But he also warned that, facing huge restructuring and some \$120 billion in debt, Eastern Europe could easily revert "to either extreme left-wing or extreme right politics" and become a "nightmare" for all of Europe.

France and Germany: Engines on Diverging Tracks

By William Drozdiak

Washington Post Service

PARIS — Behind the mutual flattery and toasts of eternal friendship that suffused talks in Munich between their two leaders, France and Germany are confronting a difficult phase in a relationship that has been the driving force of European unity for decades.

Chancellor Helmut Kohl of West Germany and President Francois Mitterrand of France said in a joint declaration last week that "our two countries will continue to be the motor of European construction."

But in interviews in Paris and Bonn, officials of both governments have revealed fresh anxiety about diverging interests.

The differences are appearing amid new political and economic forces unleashed by the collapse of East European communism, a vanishing Soviet military threat and a crisis in the Gulf that has doubled oil prices and raised the specter of global recession.

As the two Germanys prepare to unite and the center of gravity for their 80 million inhabitants shifts toward Central Europe, France fears being shoved to the Mediter-

anean periphery and losing its role as a balancing force between East and West.

French officials say they are troubled that, despite the soon-to-be-united Germany's dense web of commercial interests entwining it with Western partners, German preoccupation with melding two states into one and

NEWS ANALYSIS

nurturing a new friendship with the Soviet Union may distract it from moving boldly toward European economic and monetary union.

Foreign Minister Hans-Dietrich Genscher's advocates a rapid timetable for monetary union, but German financial leaders are apprehensive about risking the stability of the Deutsche mark at a time of ballooning unification costs.

The French Foreign Ministry is seeking feverishly to prepare the first treaty of friendship with the Soviet Union by a Western nation, to be signed when President Mikhail S. Gorbachev visits France in early October.

But the pact, especially in the area of economic and technological aid, seems destined to pale in comparison with accords to be signed next summer between Germany and the Soviet Union that will establish a new epoch of political, military and economic cooperation between the two nations.

In Bonn, officials say Germany's sense of dynamism and excitement about a new era contrasts with the drift and lassitude they see afflicting France's Socialist government in the 10th year of Mr. Mitterrand's presidency.

They complain that the French have failed to respond positively to their initiatives for a joint policy toward Eastern Europe and enhanced powers for the European Parliament. They attribute such inaction to French recalcitrance about ceding sovereignty and the lack of any blueprint about how to achieve Mr. Mitterrand's vision of a European confederation.

"We know it would be a mistake for us to insist on the dominant role in building a new European order because it would frighten our neighbors," a policymaker said in Bonn. "So this should be a great opportunity for

France, because a united Germany cannot afford to say no to any initiatives for greater European integration. But when we propose ideas with any content, the French are reluctant to go along."

Mr. Kohl's advisers say the absence of any personal electoral considerations in Mr. Mitterrand's final presidential term should encourage him to make a bold leap toward European union.

For their part, French officials at the Foreign and Defense ministries contest the view of unalloyed German allegiance to the cause of European unity.

Moreover, it will be necessary to see how new legislatures in Central Europe as well as the West respond to calls for supranational institutions.

French diplomats stressed that it was unclear whether even an ardent Europeanist like Mr. Kohl would persuade German voters who have dreamed of unification and the departure of occupation forces for more than four decades to cast aside their newfound sovereignty and accept that their political destiny will be decided in Brussels.

New Bonn Envoy to Austria Called Hitler Era 'Glorious'

Washington Post Service

HAMBURG — United Germany's first ambassador to Austria will be Philipp Jenninger, the former president of the West German parliament who was forced from office in 1988 for describing Hitler as "chosen by Providence."

The Bonn Foreign Ministry confirmed that Mr. Jenninger, 58, would leave Vienna in November to present his credentials to President Kurt Waldheim, who is shunned by most countries because he served in a Nazi Army unit that committed war crimes.

It will be Mr. Jenninger's first public post since he resigned under pressure after harsh criticism of his speech on the 50th anniversary of Kristallnacht (Night of Broken Glass) in which he called Hitler's leadership a period of "glorious times."

GERMANY: No Joy in the West

(Continued from page 1)

here. You have to build up your country and not rely on the West so much."

Mrs. Lutz would probably acknowledge, as most people do at some point in a conversation, that the people "over there" are relatively poor not because they were less industrious or worthy than Westerners, but because of communism.

Yet the sight of Easterners in their trademark stone-washed jeans hauling washing machines and refrigerators while West Germans pay out billions to keep their economy afloat seems to foster indignation among people who have achieved an exemplary level of security and prosperity.

Some say that at the core of West Germans' attitude is a basic satisfaction with their life and a resistance to changing it.

For West Germans, reunification seems more a duty than a joy, and that duty is to assimilate East Germany as quickly as possible into the Federal Republic with as little change as possible in the prosperity and democracy for which it stands.

"There are a lot of vested interests in making sure that what results from this union is, all together, still the Federal Republic," said Hans-Magnus Enzensberger, a West German author, critic and editor who lives in Munich. "A lot of people want to retain this — not only the material aspects, but also the feeling that, for the first time, our country has gone West."

It is this reluctance to change, Mr. Enzensberger said, that explains why much of the public enthusiasm for unity, whether celebrations or demonstrations, has been in East Germany, not in West Germany.

"I haven't seen a single rally in this half where flags were waved," he said, "no public meeting that can be described as patriotic, jingoistic, as happened in East Germany."

A recent poll in the news magazine Der Spiegel found that 29 percent of West Germans were either "rather opposed" or "very opposed" to unification.

The same poll showed that 67

percent of West Germans accepted that unity would require sacrifices, but only 38 percent said they were willing to make them.

But early predictions of a second "economic miracle" have given way to pessimistic expectations as the disintegration of the communist economy becomes more apparent. As many as four million East Germans may be unemployed by year's end, and experts now say it will take 10 to 15 years for them to reach Western living standards.

Most West Germans have also accepted that their taxes will rise to pay for reunification, though Bonn denies that there will be an increase.

Although the booming West German economy should prove up to the task of restoring the East, Germans are known as a people who place great premium on stability and security.

"There's going to be a lot of class conflict," Mr. Enzensberger said. "Poor relations and rich relations are never on the best of terms, and there's a lot of resentment boiling up here. There's no real enthusiasm now, as there was with the coming down of the wall."

Wolfgang Scholl-might dispute that. He owns the Bad Harzburg Volkswagen dealership, and the opening of the border has doubled his business.

"We used to be on the edge of the world, and now we're at the center of Germany," he said. "We've had to hire four more people, and it doesn't look as if it's ending. Our customers are now exclusively East Germans, and if they're not here to buy a car, they come to fix some chunker someone else sold them there."

The boom has also embraced large supermarkets and stores selling electronics and household appliances.

But beyond commercial ties, personal contacts have been limited.

Elke Rohbeck, a clerk at the Town Hall, rarely heads east. "I've only met one or two people from over there," she said. "A lot of zones come over here, and we're slowly getting used to them. It takes time to get used to their Saxon dialect. It's like a foreign country there, sort of like Bavaria."

HYATT HOTELS & RESORTS

ASIA PACIFIC

RESORTS

- Australia
 - Hyatt Regency Sanctuary Cove (Gold Coast)
 - Hyatt Regency Coolumb (Sunshine Coast)
- Fiji Islands
 - Hyatt Regency Fiji
- French Polynesia
 - Hyatt Regency Tahiti
- Indonesia
 - Bali Hyatt
 - Grand Hyatt Bali (opening early '91)
- Korea
 - Hyatt Regency Cheju
- Macau
 - Hyatt Regency Macau
- Malaysia
 - Hyatt Kusman
- Mariana Islands
 - Hyatt Regency Saipan
- New Zealand
 - Hyatt Kingsgate Rotorua

HOTELS

- Australia
 - Hyatt Regency Adelaide
 - The Hyatt Hotel Canberra
 - Hyatt on Collins Melbourne
 - Hyatt Regency Perth
 - Hyatt Kingsgate Sydney
 - Park Hyatt Sydney
- People's Republic of China
 - Hyatt Tianjin
 - Hyatt Regency Xian
- Hong Kong
 - Hyatt Regency Hong Kong
 - Grand Hyatt Hong Kong
- India
 - Hyatt Regency Delhi
- Indonesia
 - Hyatt Aryaduta Jakarta
 - Hyatt Regency Surabaya
 - Grand Hyatt Jakarta (opening early '91)
- Japan
 - Century Hyatt Tokyo
- Korea
 - Hyatt Regency Pusan
 - Hyatt Regency Seoul
- Malaysia
 - Hyatt Kinabalu
 - Hyatt Senjana Hotel & Country Club (K.L.)
- New Zealand
 - Hyatt Kingsgate Auckland
- Philippines
 - Hyatt Regency Manila
- Singapore
 - Hyatt Regency Singapore
- Taiwan
 - Grand Hyatt Taipei
- Thailand
 - Grand Hyatt Erawan Bangkok (opening mid '91)

"That water looks inviting."

"So does the view, from here."

Feel the Hyatt Touch.



Asia Pacific



For reservations and more information about Hyatt Hotels and Resorts worldwide, call your travel planner or your nearest Hyatt.

Hyatt Hotels Worldwide encompasses brands managed or operated by two separate companies — Hyatt Hotels Corporation and Hyatt International Corporation.

Final 'Freedom Flight' Takes Evacuees to Britain and U.S.

Compiled by Our Staff From Dispatches
LONDON — A chartered jet left Gatwick Airport for the United States on Sunday with 112 evacuees from Kuwait and Iraq. It has been described as the last of the chartered "freedom flights."

The U.S. Embassy announced that the plane, chartered by the U.S. government, was headed for the Raleigh-Durham airport in North Carolina with 55 U.S. citizens, 2 Canadians and 55 evacuees of other nationalities.

They were among approximately 150

evacuees from Kuwait and Iraq who arrived at Gatwick from Baghdad on Saturday night. The rest remained in Britain.

A State Department official said that about 1,700 American citizens, mostly women and children, and foreign relatives, have been airlifted out of Baghdad on U.S.-chartered flights since the Iraqi leader, Saddam Hussein, announced on Aug. 28 that foreign women and children could leave.

The flight Saturday was the last scheduled by the United States "pending a new

surge of Americans who want to leave or who will be allowed to" by Iraq, said Robert Hilton, an official of the State Department's Gulf task force in Washington.

About 2,500 Americans are believed to have fled the two Gulf countries by various means since the Iraqi invasion Aug. 2.

There are still thought to be more than 1,000 Americans, virtually all men, either in hiding or in detention in both countries. Some of them have been taken to Iraqi military or industrial installations as a deterrent to any U.S. air attack.

The evacuation of foreigners from Ku-

wait and Iraq will take on another dimension Monday as India tries to evacuate thousands of its nationals aboard 3 ships and a fleet of 10 planes.

An Indian Embassy spokesman in Baghdad said Sunday that his government had arranged the ships and the aircraft to evacuate more than 100,000 Indians in Kuwait and about 6,500 in Iraq.

More than 58,000 Indians have already returned home.

The ship Sultan can carry 1,600 people, and the Akbar can carry 700. They are on their way to Umm Qasr, near the main

Iraqi port of Basra at the head of the Gulf, he said.

A third ship, Vishwa Siddi, carrying more than 10,000 tons of food and medicine for foreigners caught up in the crisis, is also due at Umm Qasr soon, the spokesman said.

About 3,000 Indians a day are expected to be flown home in the chartered planes, the spokesman continued. The embassy has also hired 10 buses to move Indians from Kuwait to Jordan via Iraq.

(AP, WP, Reuters)



French Legionnaires in Toulon preparing to embark for the Gulf.

DE KLERK: South African Vows to Press 'Great Journey' for Change

(Continued from page 1)
was formally welcomed by Secretary of State James A. Baker 3d.

"It is there where the reflections of the great monuments to Washington and Lincoln come together," he said. "And it was there that many thousands of Americans heard the Reverend Martin Luther King describe his dream for an America of justice and harmony through nonviolence."

"The words and deeds of Presidents Washington, Lincoln and Dr. King still ring out to us all," Mr. de Klerk said.

Mr. de Klerk's reference to Mr. King and his 1963 speech, one of the most inspiring of the black civil rights movement, was seen as of-

fensive by some American black leaders.

Randall Robinson, executive director of the African-American lobby TransAfrica, argued that Mr. King "died in a lifelong effort to perfect American democracy."

While "South African blacks are fighting to establish the very essentials of a democratic system against a white minority, including de Klerk, that has insisted on retention of its privileges."

Mr. de Klerk met with his aides much of the day and dined Sunday evening with Vice President Dan Quayle. Monday morning, he will meet with Mr. Bush. After a working lunch at the White House, the South African president will go to the State Department for talks with

Mr. Baker. On Tuesday, he will deliver an address at the National Press Club and meet with congressional leaders.

Mr. de Klerk is expected to receive some mixed messages from both the White House and Congress.

Administration officials say he will hear praise for his decision to release political prisoners in return for the ANC's suspension of its armed struggle, and for his decision to begin talks with Mr. Mandela on how to draft a constitution to govern a post-apartheid nation.

The Bush administration wants to encourage Mr. de Klerk to keep moving forward and to give him something to point to when his rightist white critics ask what, if

anything, his changes have gained for South Africa abroad.

But administration officials say that their praise will be tempered by admonitions that the African leader still has not gone far enough yet in his changes to justify a lifting of sanctions by Washington.

The South African president, officials added, will also be questioned about how he plans to contain the growing violence in South Africa's black townships, which threatens to undermine negotiations with the ANC.

Many black leaders have accused South African police and rightist organizations of instigating some of that violence among rival black groups that has led to more than 1,700 deaths this year.

IRAQ: New Threats From Baghdad

(Continued from page 1)
week's debate in the United Nations General Assembly on the Gulf crisis. The official Iraqi press agency said Mr. Aziz complained in a letter to Secretary-General Javier Pérez de Cuellar about a U.S. decision barring his jetliner from landing in New York.

According to the agency, Mr. Aziz told Mr. Pérez de Cuellar that the State Department "proposed that the foreign minister and his entourage find alternative commercial means to fly them to New York."

The Iraqi-based Iranian dissident movement Mujahidin Khalq denied Sunday that its members were leaving Iraq out of fear of a possible deal between Tehran and Baghdad. In a statement from its Paris office, the movement denied a report in Le Monde, the Paris daily, that the dissidents were seeking refuge in Europe because Iran wanted the return of about 4,000 of its members exiled in Iraq.

• Kuwait's exiled minister of finance said Iraqi military forces had mined Kuwaiti oil installations. At a luncheon with reporters, Finance Minister Sheikh Ali Khalifa Sabah said, "We have received detailed information on this" from "our own people there" in Kuwait. He said it would be very difficult to inflict long-term damage on the fields, but that the mines could cause extensive damage on the surface and could set off "a lot of fires that would be very difficult to extinguish."

• In Buenos Aires, President Carlos Saul Menem dismissed one of his advisers for sending 140 tons of beef to Iraq, by way of Iran, in violation of the trade embargo. A government statement on Saturday night said the presidential adviser, Alberto Samid, had been dismissed "for having collaborated with the government of Iraq in open violation of Decree 1560," issued Aug. 15 in support of UN sanctions.

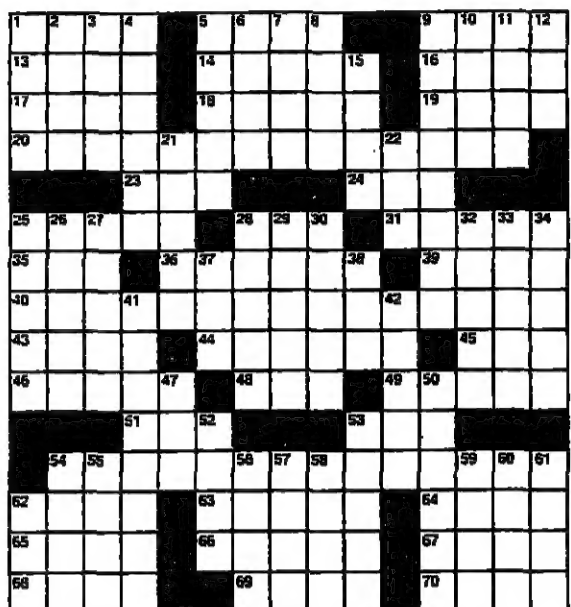
(Reuters, AP, NYT)

- ACROSS**
- 1 Practice for a bout
 - 5 Evans or Robertson
 - 9 Tennis coups
 - 13 Plane's fixed route
 - 14 Muslim decree
 - 16 Letterman, to friends
 - 17 Graham or Preminger
 - 18 Bestowed
 - 19 Portend

Solution to Friday's Puzzle

MAGIC	POOR	ODDS
APODA	RARE	PRAM
DALES	OHIO	EDIE
ORFAUSTUS	DRONE	
ATE	ONEAL	
PADDLES	NOG	IST
OGRE	PTA	MANTLE
SAFER	SDS	SATAN
INURED	ECO	SUIT
TAM	ENS	HASTENS
ADLAI	ITT	
GENUS	DRZNI	VAGO
LACK	CIAO	NEVER
ASHE	ANTI	GRIEG
DEUS	AGED	SASSY

- 20 G. B. Shaw play: 1893
- 23 Consume
- 24 Transgress
- 25 Meager
- 28 Altar in the sky
- 31 Notches
- 35 Airport abbr.
- 36 Misstatements
- 39 River in Ireland
- 40 G. B. Shaw play: 1932
- 43 Novel by Jane Austen
- 44 Receiver of goods in trust
- 45 Casablanca-to-Tunis dir.
- 46 Distributed, as cards
- 48 Fifth note of the diatonic scale
- 49 Bus passenger
- 51 A son of Gad: Gen. 46:16
- 53 Female rel.
- 54 G. B. Shaw play: 1903
- 62 Something owed
- 63 Arledge, TV executive
- 64 Right-hand man
- 65 Jersey is one
- 66 Avoid
- 67 Geraint's spouse
- 68 Cast off
- 69 Walked on
- 70 Permits
- DOWN**
- 1 Niche
- 2 Lane
- 3 Poker stake
- 4 Unclose again
- 5 Toe, e.g.
- 7 Molten rock
- 8 Paradise
- 9 Activity for a decorator
- 10 Arrived
- 11 Always
- 12 Cambodian coin
- 15 Terminates
- 21 Misanthrope
- 22 One, in Bonn
- 25 Surfeited
- 26 Yellow, Huxley book
- 27 Fragrance
- 28 Regions
- 29 Proportion
- 30 Coral island
- 32 Made dove sounds
- 33 Monetary unit of Denmark
- 34 Passover meal
- 37 Polish: massage
- 38 Actor Vigoda
- 41 Possessing special aptitude
- 42 Weird
- 47 —la-la
- 50 Jerusalem is its capital
- 52 Concerning
- 53 Swiftness
- 54 Network
- 55 Adjective for some seamen
- 56 Blockhead
- 57 Acerbic
- 58 Remove a knot
- 59 Dig for ore
- 60 Colliery entrance
- 61 Beauty and Sparks
- 62 Asunder: Prefix



© New York Times, edited by Eugene Molesha.

IRAN: A Food Leak in Embargo?

(Continued from page 1)
Kuwait but, in comments reported by Tehran Radio, he suggested that the issue of the foreign military presence was secondary to Iraq's takeover of Kuwait.

"We will not accept the presence of foreign troops in this region after the Kuwaiti problem is resolved," the Syrian leader said.

By contrast, Mr. Rafsanjani said the buildup of U.S. and other Western forces in Saudi Arabia and the Gulf was "an arrogant scheme."

Iraq's invasion of Kuwait, he said, "has been of best service to the Zionists and their masters" and had permitted "the tragedy of the immigration of Soviet Jews to occupied Palestine being continued and implemented without any commotion because of the Persian Gulf crisis."

Western and Arab diplomats said Mr. Assad's visit to Tehran, his first since the Islamic revolution of

1979, was inspired by the same motives as prompted him to support Iran during its war with Iraq from 1980 to 1988 — to prevent his archival, President Saddam Hussein of Iraq, from emerging as a regional power. Syria was Iran's most significant Arab ally during the war.

■ **Iran Acquires MiG-29s**

Iran said that its air force, which has long relied on an elderly fleet of U.S.-built fighter jets, has acquired an unspecified number of MiG-29 fighter-bombers from the Soviet Union, Agence France-Presse reported from Tehran.

One of the Soviet-made aircraft, which went into service in 1985, was shown on Saturday's evening news. It bore the Iranian Air Force emblem.

The Associated Press, quoting sources in Tehran, said Iran bought 14 MiG-29s in a deal signed during Mr. Rafsanjani's trip to Moscow last June.

RETURN: Hong Kong Campaign

(Continued from page 1)
tions High Commissioner for Refugees would play a critical role in any mandatory return.

"What has been achieved is an accelerated program for both those who want to volunteer and those who don't," Sir David said. "The UNHCR is very closely involved in this program of moving from straightforward voluntary repatriation to arrangements for returning to Vietnam people who haven't actively volunteered."

The government decides the status of the Vietnamese migrants under a screening procedure monitored closely by the High Commissioner. The only time the government has removed people against their will was last December, when police loaded 51 Vietnamese onto a commercial airliner shortly after midnight.

Several scuffles took place, and the operation was harshly criticized

by human rights groups and the U.S. government, which strongly opposes forced repatriation.

According to the joint statement, the High Commissioner will submit the names and details of non-refugees to the Vietnamese government for confirmation within one month. The organization will then inform Vietnam, within one week of their scheduled departure from Hong Kong, the date that those involved will be returned home.

Those returned against their will are guaranteed the same protection against persecution as are volunteers under an agreement signed in 1988 between Vietnam and the High Commissioner.

Martin Barrow, a Hong Kong legislator who opposes forced repatriation, said of the new deal: "Is it a disguised form of voluntary repatriation or a disguised form of forced repatriation? I don't know. But it doesn't seem that one can object to it."

ATHON FINISH

RICOH
Official Worldwide Olympic Sponsor

The Olympics are a forum for global linkage and Ricoh has been designated an official sponsor of the 1992 Olympic Games. This sponsorship of the Games includes developing an Olympic Worldwide Fax Network which will link the Olympic Family (National Olympic Committees, International Sports Federations and IOC members). A one-of-a-kind global communications network. The modern Olympics have always been a promising opportunity for global unity through friendly competition. And now, Ricoh is proud to share in this greater purpose of the Games by linking people around the world with the assistance of communication technologies. Not just during the Olympic Games, but continuing long after the last medal has been won.

RICOH

FAX 09

FAX 1000L

FAX 7000L Digital G4

OIL & MONEY

LONDON, OCTOBER 18-19, 1990

This year, of all years, you should join the international group of energy experts which the International Herald Tribune and The Oil Daily have assembled to address their 11th annual Oil & Money conference.

AMONG THE TOPICS UNDER DISCUSSION WILL BE:

- The Oil Market Outlook Following the Gulf Crisis
- The Geopolitical Outlook for the Gulf
- U.S. Energy Policy in the Light of Recent Events
- The World Economy: Consequences of Oil Price Escalation
- Capital Requirements for the Oil Industry - Will Financing Still Be Available?
- The Soviet Factor - Supply, Exports and Pricing
- The IEA's Response to the 1990 Oil Crisis

AMONG THOSE ADDRESSING THE CONFERENCE WILL BE:

- **H.E. Dr. Rasheed Salem Al-Ameeri**, Minister of Oil, Kuwait
- **H.E. Gholamreza Aghazadeh**, Minister of Petroleum, Iran
- **The Hon. W. Henson Moore**, U.S. Deputy Energy Secretary
- **H.E. Prof. Jibril Aminu**, Minister of Petroleum Resources, Nigeria
- **Dr. Herman Franssen**, Economic Advisor of the Minister of Petroleum & Minerals, Oman
- **Les McCraw**, Vice Chairman & CEO, Fluor Corp.
- **Robert McClements, Jr.**, Chairman, President & CEO, Sun Co.
- **Andres Sosa Pietri**, President, Petroleos de Venezuela
- **G. Quincey Lumsden**, Director, Oil Market Developments, International Energy Agency
- **Vladimir Arutunian**, Chairman, VVO Sojuznefteexport
- **Dr. Joseph Stanislaw**, Managing Director, Cambridge Energy Research Associates

In order to provide an up-to-the minute outlook for the oil market following the Gulf crisis, additional speakers and topics will be included in the final program.

For further details contact:
Brenda Hagerty
International Herald Tribune
63 Long Acre
London WC2E 9JH
Tel. (44 71) 836 4802
Fax (44 71) 836 0717

FACE-OFF IN THE GULF: Saudi Arabia expels envoys from Iraq, Jordan and Yemen



Members of Saddam Hussein's militia rallying in Baghdad to denounce the United States.

Envoys Ousted by Saudis Said to Spy on Military

Compiled by Our Staff From Dispatches

DHAHRAN, Saudi Arabia — Iraqi and other diplomats who were expelled from Saudi Arabia had tried to pinpoint U.S. and other military targets for guerrilla attack, Arab diplomats said Sunday.

Saudi Arabia announced that it had expelled Iraqi, Yemeni and Jordanian diplomats because they were "engaged in activities detrimental to the kingdom's security and in a manner incompatible with diplomatic norms."

Iraq, meanwhile, announced that it was expelling the military attaches of the United States, Saudi Arabia, Egypt and seven European Community countries. The diplomats were ordered to leave Baghdad within specific periods ranging from 4 to 10 days, the official Iraqi press agency INA reported.

Iraq was retaliating for some EC countries' expulsions of its envoys, which in turn had occurred in reaction to reports that Iraqi troops had raided Western diplomatic pre-

misses in occupied Kuwait. Iraq denied that its forces had entered any Western diplomatic buildings.

The Saudi action against Iraqi and other diplomats came after a halt in Saudi oil deliveries to Jordan and new restrictions on Yemeni workers in Saudi Arabia.

The actions raised the stakes against nations that are thought to be aiding Iraq. In taking the actions, Saudi Arabia has underscored its willingness to use its economic muscle to control the outcome of the Gulf crisis.

In a carefully orchestrated series of diplomatic moves over the last two weeks, Saudi Arabia has put its economic allies on notice that lucrative Saudi trade and contracts depend on their response to the crisis. It has clamped down on Arab neighbors who are perceived to have cooperated with Iraq.

Diplomats say the Saudis are especially incensed about a meeting in Amman last week of pro-Iraqi groups. Speakers at that

meeting called for the overthrow of Gulf Arab rulers of wealthy oil-producing nations.

Car owners in Jordan rushed to fill their tanks Sunday after Saudi Arabia cut off oil supplies. The Amman government, playing down the feud with Riyadh over Jordanian sympathy for Iraq, described the cutoff of half the country's oil imports as a commercial matter.

In an address aimed at the American people Saturday, King Hussein of Jordan pleaded for understanding of his country's position in the Gulf crisis. But he repeated his call for the removal of all U.S. troops from the Middle East.

"I will never admit defeat, because that would mean taking the easy way out," the king said, meaning that he would not change camps and end supporting Iraq.

Still, the king added, "the hurt is there from those who don't know the facts."

The Saudi government said in an official

statement Sunday on the expulsions: "Those diplomats carried out activities which undermined the security of the kingdom and its safety."

The Iraqis, who have been confined to Riyadh since Iraq invaded Kuwait on Aug. 2, were said to have recruited Yemeni and Jordanian colleagues to help them gather information on U.S. and other military targets in Saudi Arabia.

More than 100,000 U.S. troops have been sent to the kingdom to counter Iraqi forces in and near Kuwait.

Iraqi, Jordanian and Yemeni diplomats were not available Sunday to comment on the reasons for the expulsions or to say how soon how many of them would be leaving the country.

Jordanian and Yemeni officials said Saturday that six Jordanian diplomats and five Yemenis would be allowed to stay. A total of 30 Jordanians and 30 Yemenis had been told to leave.

(Reuters, LAT)

ASSAULT: U.S. Studies Routes for Invading Iraq

(Continued from page 1)

ry W. Jenkins, added, "They don't really know where we are, so we have the element of surprise."

Although 29,000 marines have landed in Saudi Arabia, the marines in the amphibious groups offshore will remain aloft to be available for the "forcible entry" mission they have trained for, officials have said.

One senior U.S. military official said two additional amphibious task forces, each carrying a Marine Expeditionary Brigade of 16,000 troops, had been designated for deployment in the eastern Mediterranean Sea near Turkey and the northern Red Sea near Jordan should the offensive plan be activated. As many as three additional army divisions have also been designated for deployment under the plans.

A U.S. strategy to open multiple fronts against Mr. Hussein would also try to exploit the weaknesses of Iraq's military supply system. In eight years of war with Iran, Iraq built up a fixed system of roads and warehouses along the 1,200-kilometer (750-mile) frontier with Iran.

Their supply system is not geared to mobile operations or to project power," said one military analyst. Attacks from four sides would probably overwhelm such a system, which would also be under attack from U.S. and perhaps allied air power.

Military officials also point out that unlike North Vietnam, which supplied its troops in South Viet-

nam under the cover of jungle and from sanctuaries in Cambodia and China, Iraq has no cover for its ammunition depots, and its supply convoys rumble across exposed desert roads to reach its troops.

Still, other analysts say that the Iraqis could launch a stubborn defense based on building up multi-layered earthen defenses, which U.S. and allied troops could not eliminate with air power alone and which would force close combat and a significant number of casualties.

It could not be learned whether the Bush administration had broached the question of territorial access to either the Turkish or the Jordanian government.

President Turgut Ozal of Turkey is to visit Washington this week, by which time, U.S. officials say, they will have completed the outlines of financial aid packages for Turkey, Jordan and Egypt. Mr. Ozal has said in the past that he would not allow Turkey to be a staging area for offensive military operations against Iraq.

The prospect of crossing Jordan's frontier would also appear to pose problems for Washington, because King Hussein has strongly opposed the deployment of U.S. forces in the region and has continued a dialogue with the Iraqi leader. Jordan also has a formidable army of its own.

Some military officials have expressed confidence, however, that a failure of the embargo to force an

Iraqi withdrawal would not only build an international consensus for military action but would erode resistance in Amman and Amman to providing territorial access to Iraq for U.S. armed forces.

"When the shooting starts, we don't believe anyone will be on the fence," one military official said.

The Saudi government and the exile government of Kuwait are already quietly urging the Bush administration to prepare for an offensive military campaign that could commence before the end of the year. But some senior U.S. military officials are cautioning that building offensive ground combat power around the Arabian Peninsula would require months of preparation after a presidential decision.

U.S. forces are far from numerical parity with the 360,000 Iraqi troops that the Pentagon estimates are primed for combat in Kuwait and southern Iraq.

"If we were to go on the offensive, we would have to have a better ratio than we have," one military official said.

And, as new Egyptian, Syrian, British and French ground forces have begun streaming toward or landing in Saudi Arabia, it has become clear that the military buildup and the thorny questions of joint command structure and tactical coordination could tie up military planners for months before they felt confident enough to go on the offensive.

By Paul F. Horvitz

International Herald Tribune

WASHINGTON — Secretary of State James A. Baker said Sunday the United States would eventually seek United Nations authorization for military action against Iraq.

Asked in a broadcast interview if the United States would go to the United Nations if it saw the need to use force to resolve the Gulf crisis, Mr. Baker responded: "That's something, of course, that is possible."

Mr. Baker said President George Bush hoped to maintain the international consensus against Iraq and its leader, Saddam Hussein, even in the case of a military strike.

"If the president felt that it was necessary to use force," he said, "I think he would want to move in a manner that would seek to preserve as much of the international consensus as we could — and, hopefully, all of it."

Interviewed separately on television, the UN secretary-general, Javier Pérez de Cuellar, said he would welcome the "peaceful effort" of a UN peacekeeping force in the Gulf.

Paris Police Recover Six Stolen Paintings

Reuters

PARIS — The police have recovered six valuable paintings and a statuette stolen from museums in France and Italy, the Interior Ministry said on Sunday. The works, including a Renoir estimated to be worth about \$1 million, were found after police Saturday arrested the

suspected thief of a 15th-century Italian work.

The man, not identified, was believed to have been behind the theft in Venice last Friday of a portrait of a doge, Francesco Foscari, taken from an easel in a museum in St. Mark's Square, an official said.

that action could also be taken under the UN charter in order to "implement" existing UN resolutions. The United States has long maintained that the charter authorizes military action in defense against unprovoked aggression.

The key to determining which option is chosen is whether the United States is provoked, Mr. Baker said.

"Provocation would call, I think, for some sort of an appropriate response," Mr. Baker said. "That might be a response that is designed to protect America's citizens that might be different than a response designed for full implementation of all of the UN Security Council resolutions."

He did not specify whether UN authorization could be sought for individual member nations to act or for a multilateral force to act.

Among the options involving a military response, Mr. Baker indicated that the United States would act on its own if American citizens in Iraq or Kuwait were harmed, but

Although Mr. Baker's comments seemed to raise the possibility of a Korea-style UN intervention, he emphasized that further diplomatic options remained to be explored.

He noted that the foreign ministers of the five permanent members of the Security Council would meet this week to discuss a possible air embargo of Iraq, and he said further diplomatic pressure could be imposed on Iraq. He declined to specify these further measures being considered.

"I don't think we're running out of nonmilitary options," he said.

By U.S. count, more than 20 nations have already pledged troops, equipment or money to the defense

of Saudi Arabia and the enforcement of the embargo against Iraq. In addition, the United States has succeeded in persuading the Security Council to pass six resolutions condemning the invasion and imposing sanctions.

Mr. Baker stressed that there would be no compromise with Iraq over the question of its withdrawal from Kuwait and the restoration of the governing Sabah family. But he said Iraq and Kuwait could discuss "details" after a withdrawal that returns to Kuwait to the status quo before the invasion.

"We can't begin to walk away from six Security Council resolutions," Mr. Baker said. "That's simply not going to happen."



MISHA

THE USSR MOST POPULAR
CHILDREN'S MAGAZINE
"MISHA"

"MISHA" is published in the USSR in Russian, English, French, German, Spanish, Italian and Hungarian.

- 12 issues per year.
- Annual subscription price - US\$23.60.
- Subscriptions are accepted by:

Collet's Bookings Ltd.
Dunstable, Bedfordshire
MK15 2JL, England

Librairie du Globe
2, Rue de la Harpe
75006 Paris, France

Kalsh & Sager
Buchvertrieb
Postfach 240108
D-1000 Berlin, BRD

SUBSCRIBE TODAY
AT UP TO
50% SAVINGS!

IT'S QUICK.

Get better acquainted with the International Herald Tribune (IHT) with our special introductory offer for new subscribers. And as an added bonus, you'll receive up to 52 free issues for subscriptions of six months or more. Just refer to the chart and call the appropriate telephone number for your country. Tell the operator of Phone Service Europe you want to subscribe to the IHT and indicate the term you prefer. Pay conveniently by credit card. Or request an invoice for six and 12-month subscriptions. It's never been faster (with our new telephone numbers)

or more economical (with tremendous savings) to subscribe. Call today to start your IHT subscription for home or office delivery.

IT'S EASY.

If you're on the go and don't have time to call, just complete the coupon below to start your subscription to the IHT. It's never been easier. Pay by check or credit card. Don't delay. Return the coupon now to start your subscription to the IHT at up to 50% savings.

Country/Currency	TELEPHONE NUMBER	12 months (+ 52 free issues)	ONE YEAR SAVINGS	6 months (+ 26 free issues)	3 months (+ 13 free issues)
Austria A.S.	0222/67663455	5,100	3,972	2,800	1,500
Belgium B.F.	03/2710904	5,400	3,972	3,000	1,600
Denmark D.K.	00944/833643	11,000	7,200	6,000	3,300
Finland F.A.	09044/833643	3,100	1,268	1,700	930
France F.F.	01/81.29005	2,000	1,274	1,100	600
Germany (West) G.M.	013.02825	1,600	1,312	880	485
Great Britain G.B.	0800/700600	400	419	330	182
Greece (West) G.R.	01/81.29005	750	261	380	204
Italy I.T.	02/2710904	150	125	82	45
Japan J.P.	03/2710904	40,000	32,800	22,000	12,000
Netherlands N.L.	020/212329	50,000	22,800	28,000	15,500
Norway (West) N.W.	09544/833643	155	118	85	47
Portugal P.P.	0034/1.5551085	450,000	330,000	250,000	138,000
Spain (West) S.P.	91/5551085	11,000	7,200	6,000	3,300
Sweden (West) S.W.	08/833643	600	492	340	185
Switzerland S.W.	044/059787	2,500	1,868	1,400	770
United Kingdom U.K.	0800/700600	3,000	1,348	1,100	610
United States U.S.	0034/1.5551085	37,000	30,900	17,000	9,300
West Germany W.G.	013.02825	35,000	25,000	19,200	10,600
West Germany W.G.	013.02825	38,000	22,000	20,900	11,200
West Germany W.G.	013.02825	51,600	—	25,740	12,870
West Germany W.G.	013.02825	2,200	1,440	1,210	645
West Germany W.G.	013.02825	2,800	840	1,540	850
West Germany W.G.	013.02825	300	446	275	150
West Germany W.G.	013.02825	500	Varies by country	275	150
West Germany W.G.	013.02825	650	—	335	195
West Germany W.G.	013.02825	600	—	330	180

* For information concerning special hand-delivery in major German cities call IHT Germany at (09) 69.48.92 or fax (09) 69.48.94. Rates do not include free issues.

** At these rates, you can get morning hand-delivery in the following cities: Oslo, Stavanger, Stockholm, Göteborg and Malmö.

*** At these rates, hand-delivery is available by morning in Barcelona, the same day in Seville and Valencia and the next day in Bilbao. For Madrid, hand-delivery is available by morning, but without the free issues.

Yes, I want to start receiving the IHT. This is the subscription term I prefer (check appropriate boxes):

☐ 12 Months (364 issues in all with 52 bonus issues) ☐ 6 Months (182 issues in all with 26 bonus issues) ☐ 3 Months (91 issues in all with 13 bonus issues)

☐ My check is enclosed (payable to the International Herald Tribune).

☐ Please charge my: ☐ American Express ☐ Diners Club ☐ VISA ☐ MasterCard ☐ Eurocard ☐ Access

CARD/ACCT. NO. _____ EXP. DATE _____ SIGNATURE _____

NAME _____

ADDRESS _____ COUNTRY _____ 24-9-90

CITY/STATE _____

TEL. _____ FAX _____

Please return your completed coupon to: Subscription Manager, IHT, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. This offer expires December 31, 1990, and is available to new subscribers only.

During the two days of the World Summit for Children, this is what will happen.

2,800 children will die from whooping cough.

8,000 children will die from measles.

4,300 children will die from tetanus.

5,500 children will die from malaria.

22,000 children will die from diarrhoea.

12,000 children will die from pneumonia.

Now you know why there's a summit.

WORLD SUMMIT FOR CHILDREN, UNITED NATIONS, NEW YORK
SEPTEMBER 29-30th 1990.

For information contact: UNICEF House, 3 United Nations Plaza, New York, New York 10017, Tel: 212/326-7522, Fax: 212/326-7464.



WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Securities, London, Tel: 01 224 11 30. Prices may vary according to market conditions and other factors. September 21

Australian Dollars

Issuer	Con	Mat	Price	Yld	Sec
ABN AMRO	100	12/91	100.00	8.50	
ABN AMRO	100	12/92	100.00	8.50	
ABN AMRO	100	12/93	100.00	8.50	
ABN AMRO	100	12/94	100.00	8.50	
ABN AMRO	100	12/95	100.00	8.50	
ABN AMRO	100	12/96	100.00	8.50	
ABN AMRO	100	12/97	100.00	8.50	
ABN AMRO	100	12/98	100.00	8.50	
ABN AMRO	100	12/99	100.00	8.50	
ABN AMRO	100	12/00	100.00	8.50	

Canadian Dollars

Issuer	Con	Mat	Price	Yld	Sec
ABN AMRO	100	12/91	100.00	8.50	
ABN AMRO	100	12/92	100.00	8.50	
ABN AMRO	100	12/93	100.00	8.50	
ABN AMRO	100	12/94	100.00	8.50	
ABN AMRO	100	12/95	100.00	8.50	
ABN AMRO	100	12/96	100.00	8.50	
ABN AMRO	100	12/97	100.00	8.50	
ABN AMRO	100	12/98	100.00	8.50	
ABN AMRO	100	12/99	100.00	8.50	
ABN AMRO	100	12/00	100.00	8.50	

ECU Straights

Issuer	Con	Mat	Price	Yld	Sec
ABN AMRO	100	12/91	100.00	8.50	
ABN AMRO	100	12/92	100.00	8.50	
ABN AMRO	100	12/93	100.00	8.50	
ABN AMRO	100	12/94	100.00	8.50	
ABN AMRO	100	12/95	100.00	8.50	
ABN AMRO	100	12/96	100.00	8.50	
ABN AMRO	100	12/97	100.00	8.50	
ABN AMRO	100	12/98	100.00	8.50	
ABN AMRO	100	12/99	100.00	8.50	
ABN AMRO	100	12/00	100.00	8.50	

MUTUAL FUNDS

Figures as of close of trading Friday, September 21.

Issuer	Con	Mat	Price	Yld	Sec
ABN AMRO	100	12/91	100.00	8.50	
ABN AMRO	100	12/92	100.00	8.50	
ABN AMRO	100	12/93	100.00	8.50	
ABN AMRO	100	12/94	100.00	8.50	
ABN AMRO	100	12/95	100.00	8.50	
ABN AMRO	100	12/96	100.00	8.50	
ABN AMRO	100	12/97	100.00	8.50	
ABN AMRO	100	12/98	100.00	8.50	
ABN AMRO	100	12/99	100.00	8.50	
ABN AMRO	100	12/00	100.00	8.50	

TO OUR READERS IN GERMANY

It's never been easier to subscribe and save. Just contact us at our Frankfurt office. Phone: (069) 69 48 92 Fax: (069) 69 48 94

CURRENCY RATES

OTC Consolidated trading for week ended Friday, September 21.

[illegible][illegible][illegible][illegible][illegible][illegible]

Series	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
--------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

[illegible]

(Continued on next left-hand page)

هكذا من العمل

1992

The World's Rendezvous With Europe

Nineteenth in a Series

Banking and Finance / Toward a Common Currency

Struggle for Accord on Monetary Union

Shortly after Jacques Delors was appointed president of the EC Commission in Brussels he visited a small village in his native France.

A group of locals listened patiently, albeit with mounting puzzlement, as Mr. Delors labored to explain the purpose and significance of his new job. Finally one of the farmers present shook his head, cleared his throat and spoke. "You know what?" he said. "We might begin to understand what

Britain favors a "hard" ECU; others tend to disagree.

It's all about the day we start getting paid in that fancy Europe money."

The United States of Europe will come into existence for many people only when European bank notes are labeled in ECUs (European Currency Units) instead of francs, pounds, Deutsche marks, lire or pesetas.

Beyond the strident rhetoric of national sovereignty versus Europe's manifest destiny, the step-by-step architects of monetary union are working toward this goal.

The EC was formed in 1957 to create a common market for goods and services. To this are currently being added total freedom of movement for capital and a Community-wide trading area for financial products — the heart of the "1992 single market" program. The 12 member states had been moving toward consensus on a further objective: the creation of an economic and monetary union (EMU), involving coordination of national policies and the establishment of a central regulatory authority.

But by mid-September, the combination of the Gulf crisis, the surprise rejection of key elements in the EMU plan by five EC governments and the prospect of a U.S. recession had clouded this plan. At the close of the weekly Commission meeting in Brussels Sept. 5, Mr. Delors warned that an economic slowdown in the Commu-

ty caused by the Gulf crisis could "seriously compromise" the 1992 program, referring to possible new protectionist measures in member states and slower progress on EMU.

EC finance ministers at a meeting in Rome Sept. 8 pledged to jointly contain the impact of the Gulf crisis, but also warned that Western Europe would face higher interest rates, tight money and, possibly, higher inflation, although they declined to speculate on the amounts.

France was among the first EC countries to slightly revise downward its GNP forecasts for 1991 to take account of the rise in oil prices since early August — to 2.7 percent from 3.1 percent amid predictions by private economists that the revision was too modest.

West German economics ministry and banking sources said that there was no immediate cause to change their forecasts of 4 percent GNP growth for 1990, which was expected to continue in 1991, fueled by booming exports, notably to East Germany. According to EC and German economists, German unification will add roughly 0.5 percent to the Community's overall growth in 1990 and 1991, and 1 percent to West Germany's growth.

Price stability is likely to be the main objective of a coordinated European monetary policy, with subsidiary matters such as supervision of banks and other financial institutions being left to national authorities. At the same time, the EC's existing legislative program for the financial sector already provides for harmonization of many national rules and procedures. Under the provisions of a recent directive, banks are to be allowed to operate throughout the EC on the basis of their home-country licenses; other measures specify standard bank reporting requirements.

The need for monetary coordination is emphasized in a report drawn up at the request of the EC Council of

Ministers by a committee of central bank governors under the chairmanship of Jacques Delors. "By greatly strengthening economic interdependence between member countries, the single market will reduce the room for independent policy maneuver and amplify the cross-border effects of developments originating in each country," comments the report.

A major political clash over EMU — and possibly a Community crisis — looms as EC member governments prepare for an intergovernmental conference scheduled to open in Rome Dec. 14. "It has become a political as well as an economic and technical problem, which means we will now need a political solution," comments an EC Commission official.

At the Sept. 8 Rome meeting, finance ministers from Britain, Spain, Germany, Greece and Portugal resisted the timing and methods for introducing a single EC currency and a federal banking system, modeled on the German Bundesbank.

Senior German officials in Bonn emphasize that the Sept. 8 meeting should not be viewed as a failure for EMU, but as the beginning of a difficult and complicated negotiation, prior to the Dec. 14 conference.

Michael Wilde, of Westdeutsche Landesbank, says the bank is opposed to "forcing the situation by decree." The matter should be approached with caution, he adds. "It would be wrong to view this as a matter of political or personal attitudes. The problems, which have obviously yet to be resolved, are structural in nature."

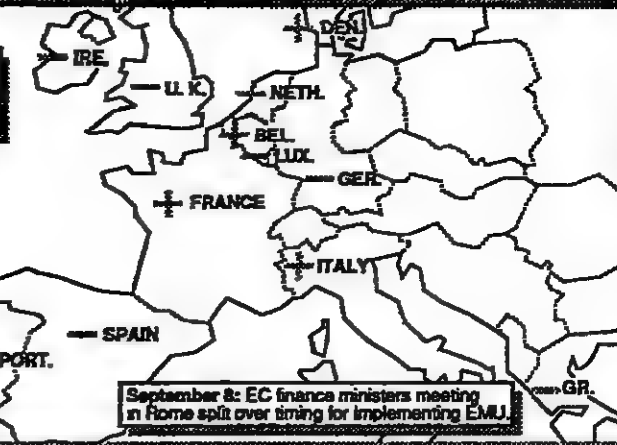
Most member states would be unhappy with monetary policy arrangements that could seriously limit their independent money-raising powers — and their freedom to run up budget deficits. As a result, the Commission now seems to have considerably watered down earlier proposals that

Continued on Page 14

WHAT BANDWAGON? EC governments first proposed a three-stage path to economic and monetary union (EMU) in 1988. As EC leaders prepare the Dec. 14 intergovernmental conference in Rome that is expected to launch EMU, only Britain opposes the basic goal. Other members, however, are still not ready to set a timetable, particularly in light of recent events.

July 1: East and West Germany merge their economies, with the Deutsche mark becoming the common currency.

August 2: Iraq invades Kuwait, threatening Saudi Arabia, which, with neighboring countries, supplies about 40% of Western Europe's oil. The move could fuel EC inflation and slow growth.



France ministers in favor of setting EMU timetable
— Finance ministers against setting a timetable

Interview / Martin Bangemann, EC Commissioner

EC Positioned to Ride Out Global Shocks

Martin Bangemann, former West German economics minister and current EC commissioner for the internal market, discussed the outlook for economic and monetary unity with Axel Krause, corporate editor of the International Herald Tribune. The following are excerpts from the interview.

Is the Gulf crisis having any impact on the movement toward establishing the integrated market by 1993?

Not directly, but it has confirmed our belief that it is necessary to reinforce the economic strength of Europe. We also have enlarged the program a little bit. We have concentrated on developing infrastructure for the internal market, or the nervous system as we call it. This involves working toward greater integration of transport, telecommunications, training and energy systems, and there the Gulf crisis is reinforcing our efforts.

Given the situation in the Middle East, how is the EC positioned for a possible third oil shock?

Much better than for the first and second. First, since the last oil crisis, there has been a trend toward decreased use of energy for industrial production, distribution, services and, to a lesser degree, by private consumers. Second, there has been better diversification of our energy sources, including relying more on Venezuela and Africa.

How much of the EC's oil comes from the Gulf?

From Kuwait and Iraq, about 10 percent to 12 percent on average, but it is much more in Britain, and less in Germany. The Gulf figure is about 40 percent, because of Saudi Arabia.

Do you agree with those who believe the EC is now in a stronger position to survive a possible recession in the United States?

Europe has been getting stronger through the single-market program, but so has the interlinkage of the world economy. To say that we are now better able to overcome an American recession is a bit dangerous. But

it is also true that the percentage of our economy dependent on America is shrinking.

How do you react to talk of a U.S. recession?

I don't believe there is one. And now the weak dollar has given a start to helping American exports. The policy of American industry is not only taking into account investments in Europe, but combining them into a world system. A rather more dangerous element are the [federal budget] deficits.

How would you describe the Community's present trade relations with the United States?

They are getting better. The underlying problem is diminishing: the trade deficit of the U.S. It is now running a trade surplus with Europe and a deficit with Japan.

How do you rate East Germany's chances for closing its economic gap with West Germany and the rest of Europe?

Continued on Page 14

ALCATEL

WestLB

The Westdeutsche Landesbank

Allianz



RHÔNE-POULENC

In Touch with Tomorrow

TOSHIBA

Introducing the German bank that offers finely tuned instruments in international finance: WestLB.



Head Office: Düsseldorf
Branches: Hong Kong, London,
Luxembourg, Madrid,
Munich, Milan, Moscow,
New York, Osaka, Paris,
Rio de Janeiro, Tokyo, Toronto,
Zurich.

An experienced
wholesale bank,
WestLB accom-
panies your inter-
national finance
operations.

20 years of experience
in Corporate
Finance, the solidity

of a state bank and
the leading role
played by WestLB.
On this sound founda-
tion, WestLB suc-
cessfully combines
classical products
with innovative
solutions, applying
the right mix of

state-of-the-art
technology and
personal creativity.
That's why WestLB
rightfully belongs
at the top of your
shortlist — from Cor-
porate Finance and
Investment Banking
to Treasury. And

with a global net-
work stretching
from Düsseldorf to
New York and from
Tokyo to Toronto,
WestLB is perfectly
equipped to set
the tone for your
international finance
operations.



WestLB

The Westdeutsche Landesbank

ADVERTISING SECTION

1992

Mergers / EC Fever

Buyers Looking for Slice of European Pie

Few issues challenge the spirit of 1992 and the single market more than the takeover of EC companies by companies from outside the Community. But there is little prospect for a slowdown in EC acquisitions by North American, Asian and other non-EC European countries.

In all, the merger and acquisition activity by non-EC companies making corporate acquisitions in EC countries has jumped from 224 bids worth \$17.4 billion in 1988, to 562 bids worth \$29 billion last year, to 394 bids worth \$19.4 billion in just the first six months

In 1989 U.S. companies acquired 228 EC firms

of this year, according to London-based Acquisitions Monthly magazine.

Such deals make sense for the companies involved, both in immediate and long-range terms. In the short range, investment bankers and financiers continue to scour the earth for potential partners and offer them creative and lucrative corporate-finance products offering short-range profits and a means of paying off acquisition-related debts. In the long range, takeovers, mergers, joint ventures and other alliances are part of the master strategy for many non-EC companies that want access to the 325 million consumers in the single market.

The recent Japanese acquisition of International Computers Ltd., the STC subsidiary that was Britain's only manufacturer of mainframe computers, is a case in point. A few years ago, the \$1.29 billion purchase of 80 percent of ICL by Fujitsu, the giant Japanese computer company, might have raised an outcry about the loss of a "national" industry and the growth of "foreign" influences in corporate Europe.

But no more. Arthur Walsh, STC's chairman and chief executive, said the sale was necessary to secure ICL's future; the parent company, he explained, simply could not afford to compete with the bigger, global computer companies, particularly in view of the dramatically rising costs of research and development.

Despite being the third-largest computer maker in the world, Fujitsu had relatively little business in Europe. An-

alysts say the ICL acquisition completes a global base that makes it possible for the company to challenge the leader, IBM.

The sale did trigger some murmurs among the opposition Labor Party in London and at the EC Commission headquarters in Brussels about the loss of British and European control of an important part of such an important commercial field.

But these misgivings are unlikely to result in any action by either Britain or the EC, as both Fujitsu and ICL showed how today's executives have learned to head off such criticism.

At ICL, Chairman Peter Bonfield, who has been one of the most active European CEOs in promoting the advantages of the single market, says Fujitsu would not make the same mistake as many American companies following their European acquisitions. "They buy something, send in American managers, absorb it into the organization and lose its identity," he says. "Fujitsu's view is to add value and work with the local community for the prosperity of all. It sounds grand, but I think they genuinely believe that."

Besides Fujitsu-ICL, a spate of other major takeovers in the past three years have helped Japanese companies follow the European takeover trail opened — and still heavily trod — by American firms.

"In the past few years it has been the case of the U.S. waking up to 1992," says Philip Healey, editor and publisher of Acquisitions Monthly magazine in London. "More recently, it's been the case that everyone has woken up. The corporate feeling has been that one has to buy into the EC before 1992. On top of that, the feeling is that one has to buy now as all the good opportunities will be gone."

He points out that American firms acquired 73 companies in EC countries for \$5.4 billion in 1988; by 1989 the figures had increased to 228 companies for \$16.9 billion.

This year, Mr. Healey said, U.S. activity has slowed somewhat, while non-EC European countries have become major players. Bids for companies in EC countries by companies from non-EC countries in Western Europe rose from 112 worth \$8.6 billion in all of 1988 to 225 worth \$12.5 billion

in only the first six months of this year.

Among the most active bidders this year have been the Scandinavians, and particularly the Swedes. "Scandinavian countries have realized that if they want to compete in world markets they have to move, and the Swedes have really gone on the acquisition trail because of the deregulation of some of their finance and investment controls," Mr. Healey says. "In 1988, Sweden acquired 44 companies at \$724 million and in 1989 they acquired 89 companies at \$1.1 billion. In the first six months of this year, they acquired 94 at \$10.3 billion."

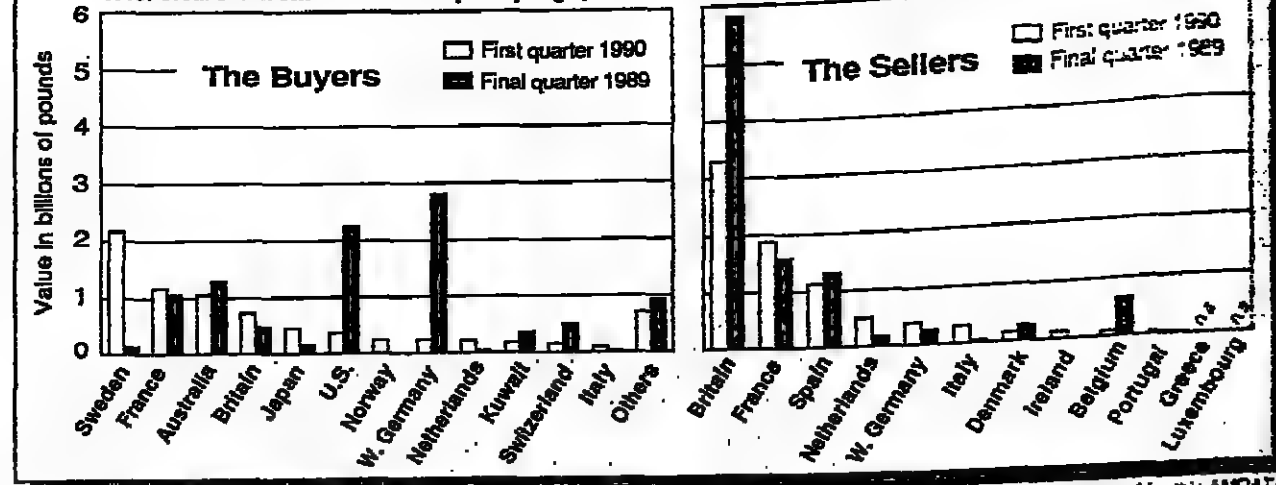
Volvo of Sweden has entered into a billion-dollar series of agreements with France's Renault to cooperate in car and truck manufacturing and sales. Volvo's reasons for pursuing the alliance are a textbook example of how and why a non-EC company might need access to the new single market.

One of the major factors is that Volvo's sales and market share in all three of its leading markets — the United States, Britain and Sweden — are falling. Those 325 million Europe-

EC Cross-Border Acquisitions

In the first quarter of 1990, the number of purchases rose 39% while decreasing 22% in total value from the last quarter of 1989. Great Britain continued to be the primary target, followed

by France and Spain. Swedish companies topped the bidder list, with Japan moving up from ninth to fifth place and the United States dropping from first to sixth.



ans in the single market open up a whole new sales frontier.

Another motivation for Volvo is sharing the high cost of new technology with a partner. Other factors include loss-making swings in currency exchange rates and the rapidly increasing financial burden of manufacturing in Sweden. Spreading the burden over different currencies and over countries with cheaper labor and production costs are techniques that can

help keep the company in the black.

The majority of foreign acquisitions made within the EC in recent years have been in Britain for several reasons. English is the most common second language; London is one of the three leading world financial centers, along with Tokyo and New York, and offers access to and competition for all manner of financial services; Britain's legal structure is one of the most open and flexible in the world for

allowing its home companies to be targeted.

"On the whole, the British look on takeovers rather more favorably than their counterparts in other European countries," says Andrew Hutchinson, a research executive at the Institute of Directors in London. "This has been reflected in factors like Japanese investment. Britain has been regarded as the major entry point into the EC."

Timothy Harper

Banking and Finance / Toward a Common Currency

Struggle for Accord

Continued from Page 13

would have severely penalized countries that strayed too profligately into the red. Emphasis is now being placed on the ability to swing the spotlight of unfavorable publicity onto big spenders and to attach conditions to the EC financial assistance offered to member states experiencing difficulties.

EC members also agonize — some more openly than others — about the preponderance of German economic strength and the weight of the Deutsche mark. Germany itself is especially eager to ensure that any new European body set up to supervise monetary policy could act independently of national governments and

other EC institutions. This reflects the priority it has long given to minimizing inflation, and coincides with the additional pressures Germany's unification is putting on its economy.

Current Commission thinking is to start introducing the main new proposals (stage two) in January 1993, and to arrive at full monetary union (stage three) shortly thereafter. Stage one has started already with the freeing of capital movements, and should continue with the extension of the European Monetary System (EMS) to all member states, including Britain.

Replacing all member state moneys with the ECU is a strategy on which the states do not yet agree. France favors the move, but Germany, whose Deutsche mark largely dominates movements between European mon-

neys, has been giving a mixed signal on the issue. Foreign Minister Hans-Dietrich Genscher actively supports the formation of a European central bank while Finance Minister Theo Waigel and the president of the Bundesbank, Karl Otto Pöhl, have rejected early moves toward monetary union.

Britain still distrusts all such entanglements, and has come up with an alternative proposal — the "hard ECU." This would make the ECU an independent currency with a fixed exchange rate against the different national moneys within the EC. The latter would continue to exist and to fluctuate in accordance with the market and EMS rules.

The proposed union is economic as well as monetary. The EC Commission proposes three-year policy guidelines for the EC and each of its member countries. Country guidelines would cover such issues as budgets, costs, savings and investment. If implemented, the overall EMU program would involve a considerable

shift of power from individual member states to European authorities. Accordingly, it would logically call for a significant boosting of democratic control at Community level.

In a wider international context, the movement could clarify the definition of three major economic zones identified by the dollar, the yen and the ECU. At the same time the pasting together of a more coherent monetary entity in Western Europe, including the possible emergence of a new convertible reference currency, could assist efforts to promote economic renaissance in the eastern part of the Continent.

"The introduction of a sound standard of value into the Eastern economies is arguably more important than the wholesale introduction of private property," said Giovanni Agnelli, Fiat chairman, at a conference in Brussels earlier this year. "The ECU can tear down one more wall in Eastern Europe: the wall of inconvertibility."

Michael Rowe

Interview / Martin Bangemann

EC Positioned

Continued from Page 13

I believe that within five years it will attain the average of the European Community in terms of productivity. In an additional five years it will approach the level of the Federal Republic. We are assuming a growth rate of about 5 percent to 6 percent, about 1 percent higher than in the Federal Republic.

What will German unification add to EC growth rates?

First, remember the program for the internal market will have added 1 percent. Unification will have added 0.5 percent to Community

Where do you stand on implementation of the 1992 plan overall?

We have proposed the texts of 279 directives to the Council. The Council and the Parliament have passed two-thirds, as of early September. And the implementation is getting better: two-thirds of what has been passed by the national parliaments.

Nonetheless, some countries are doing better than others.

Yes, some are lagging behind, such as Italy. Greece is better. Portugal has improved a lot, because we have encouraged them, and so has Spain. Only 40 or so directives have been implemented in all the member states. But if Italy were to speed up its process, as it plans to do, then we would get up to 80, 90 or so. We are well on time.

What has the second banking directive accomplished?

European banks and insurance companies have become far more active, notably in investments. It has not particularly speeded up the activities of foreign banks. Small and medium-sized private banks in Germany have been very active.

What are your hopes for the EC intergovernmental conferences scheduled for December?

We firmly believe the European Parliament should get more power. This is diminishing the power of the Commission. But we, the whole of the Commission, have accepted the idea that there must be a sharing of the right of initiative between the Commission and Parliament. We want a better balance between EC institutions. There is a good chance that qualified majority voting could be extended to areas such as the environment, but not to foreign policy or security. These will remain the domain of the European Council, the heads of state and government.

How long do you plan to remain in Brussels?

Let's say, up to the end of the century.



Martin Bangemann

growth and 1 percent to that of Germany.

How will East Germany fit into EC programs, including 1992?

According to our most recent calculations, about 80 percent of our regulations, the directives for the internal market, can be applied immediately in the German Democratic Republic. We have checked everything.

What about banking and insurance?

The regulations can be applied directly, without any adaptation. We also will be applying our competition principles immediately.

Aren't some sectors getting special treatment?

There will be some exceptions [to EC rules], such as chemicals, pharmaceuticals and medicine, but only until the end of 1992. And there will be a five-year transition period applying to pollution of air and water. Our high security standards also will apply to nuclear plants, which means that starting on October 3, they will have to close.

What are your hopes for the EC intergovernmental conferences scheduled for December?

We firmly believe the European Parliament should get more power. This is diminishing the power of the Commission. But we, the whole of the Commission, have accepted the idea that there must be a sharing of the right of initiative between the Commission and Parliament. We want a better balance between EC institutions. There is a good chance that qualified majority voting could be extended to areas such as the environment, but not to foreign policy or security. These will remain the domain of the European Council, the heads of state and government.

How long do you plan to remain in Brussels?

Let's say, up to the end of the century.

DEADLINE 92
A frontier-free Europe

The Commission of the European Communities is publishing a series of publications designed to help people understand and come to terms with the changes which will soon be taking place.

- ☐ THE CREATION OF THE INTERNAL MARKET IN INSURANCE 128 pp. 10.50 ECU
- ☐ THE SINGLE FINANCIAL MARKET 53 pp. 6 ECU
- ☐ CREATION OF A EUROPEAN FINANCIAL AREA 212 pp. 16 ECU
- ☐ A GUIDE TO WORKING IN A EUROPE WITHOUT FRONTIERS 253 pp. 18.50 ECU
- ☐ FREEDOM OF MOVEMENT IN THE COMMUNITY 68 pp. 7.50 ECU
- ☐ THE SOCIAL DIMENSION OF THE INTERNAL MARKET 115 pp. 4.20 ECU
- ☐ 1992: THE EUROPEAN SOCIAL DIMENSION 119 pp. 8.75 ECU
- ☐ INDIVIDUAL CHOICE AND HIGHER GROWTH 58 pp. 6 ECU
- ☐ AUDIOVISUAL PRODUCTS IN THE SINGLE MARKET 208 pp. 10.50 ECU
- ☐ COMMON STANDARDS FOR ENTERPRISES 78 pp. 9 ECU
- ☐ MAJOR THEMES IN ENERGY 62 pp. 12.70 ECU
- ☐ COMMUNITY PUBLIC FINANCE 116 pp. 10.50 ECU
- ☐ THE COMMUNITY BUDGET: THE FACTS IN FIGURES 103 pp. 10 ECU
- ☐ THE COMPLETION OF THE INTERNAL MARKET 308 pp. 25.50 ECU
- ☐ PANORAMA OF EC INDUSTRY 1989 1152 pp. 38.00 ECU
- ☐ GUIDE TO THE REFORM OF THE COMMUNITY'S STRUCTURAL FUNDS 104 pp. 11.25 ECU
- ☐ EMPLOYMENT IN EUROPE 1989 176 pp. 11.25 ECU
- ☐ EUROPE IN FIGURES 84 pp. 6 ECU

Also available:
INFO 92, The Commission of the European Communities database focusing on the objectives of the Single Market. Please telephone our Help Desk on +32(2) 235 00 01 or 235 00 09

ORDER FORM TO BE SENT TO:
Office for Official Publications
of the European Communities Department INT
2 rue Mercier L-2985 Luxembourg

Please send me the publications I have indicated above
Name _____
Address _____

Prices (excluding VAT and postage) in Luxembourg: Exchange rate at 1.36:
1 ECU = 1.36 USD / = 0.887 UKL / = 2.068 DM / = 6.53 FF
1 ECU = 42.49 BFR / = 204.52 DFR / = 126.55 PTA / = 1.534 LIT
1 ECU = 2.39 HFL / = 162.76 ESC / = 7.82 DKK / = 6.77 FR



"Leave the thinking up to me."

Sometimes the expression on a gorilla's face is just like Rodin's "Thinker." But nobody really knows what's on his mind. In our human world we are thinking AI (Artificial Intelligence, and more specifically, Neurocomputers).

The world's first 4M DRAM semiconductor, pioneered by Toshiba, is providing a technical breakthrough making possible a whole range of new Toshiba products from laptop computers to medical equipment and more.

Rodin's gorilla might be quite a thinker. But, if he rests on his laurels, one day soon he might find Toshiba semiconductors have left him behind.



TOSHIBA 4M DRAM

In Touch with Tomorrow
TOSHIBA

1992 The World

Bourses / Harmonization vs. Fragmentation

One Market, Many Exchanges and a Looming Turf Battle

As Europe moves closer to a single financial marketplace, the continent's exchanges are preparing to fight one another for the available shares of international business.

Market deregulation, more sophisticated products and automated information and dealing systems are the principal weapons in the power struggle among European stock exchanges. These maneuvers are taking place at a moment when the crisis in the Middle East is testing the resili-

ency for Europe and integration is the only solution," declares a report drawn up last year by Arthur Andersen & Co., a multinational accounting and consulting firm. Although Western Europe boasts a combined GNP higher than Japan's and comparable to that of the United States, it can claim only 21 percent of world equity capitalization; 37 percent goes to the United States and Canada, while a full 42 percent is taken up by Japan and the Pacific basin.

Western Europe has 21% of world equity capitalization.

ence of the world's increasingly volatile securities markets.

London leads the field, handling some 40 percent of European securities dealings. Frankfurt, Paris and Zurich together account for another 30 percent. European Community officials in Brussels are currently pursuing a program of European legislation aimed at harmonizing securities procedures throughout the Community and demolishing remaining barriers to cross-boundary dealings.

Yet this movement toward consolidation is in a sense paradoxical. All of Europe's stock exchanges grew up within the confines of their own national boundaries, and there is to be no European superexchange. To take on pan-European stature, the existing institutions have to fight one another for business, but then cooperate in order to link networks and obtain access to local information, trading and settlement systems.

Particularly when it comes to international dealings, stock exchanges are competing not only with one another but also with other circuits through which securities information can be channeled. For instance, on-line financial information suppliers such as Reuters in London and the U.S.-based Telerate are starting to move beyond pure information services and make their networks available for deal-making. Such competition is bound to increase now that computers linked to telecommunications networks are making trading on the floor of the exchanges redundant. "Fragmentation is the critical prob-

lem for Europe and integration is the only solution," declares a report drawn up last year by Arthur Andersen & Co., a multinational accounting and consulting firm. Although Western Europe boasts a combined GNP higher than Japan's and comparable to that of the United States, it can claim only 21 percent of world equity capitalization; 37 percent goes to the United States and Canada, while a full 42 percent is taken up by Japan and the Pacific basin.

In May the 12 members of the Federation of Stock Exchanges of the European Community finally agreed to lay aside at least some of their commercial differences and cooperate on a community-wide project dubbed PIPE (Price Information Project Europe). The goal is to create a European data bank for stock exchange information, and to transmit up-to-the-minute details electronically to subscribers throughout the EC. Data will come from exchanges both in Europe and in other main centers, and will cover company news and bond prices. The system is scheduled to begin operations by the end of the year. A succession of working parties has been meeting in Paris and other European centers to draft rules and procedures, and the project is expected to be completed by the second half of 1991.

A proposal being pushed by Régis Rousselle, chairman of the French stock exchange association, to extend this project into a joint listing system for Europe's top 200 to 300 blue-chip shares has been getting a mixed reception. Under this proposal the equities in question would be quoted simultaneously on member exchanges throughout the EC, and could thus be bought and sold directly on any of these markets. Settlement and registration procedures would take place in the country of origin of the stock involved.

Loud opposition to this plan has been coming from London, which for the last five years has been running its own computerized listing system for international blue chips. Known as Seaq (Stock Exchange Automated Quotation) International, the procedure is screen-based and handles

some 544 foreign equities. Activity on Seaq International more than doubled last year, while by early 1990 London dealings on foreign equities exceeded domestic deals by more than 20 percent. In comparison, some 80 percent of operations in Paris concern domestic securities.

Meanwhile, exchanges throughout the EC are trying to make themselves more attractive to investors and to differentiate themselves from their neighbors. France, for instance, is putting the finishing touches on a vast modernization program which has

seen the dissolution of the cozy stock-brokers' monopoly, admittance of foreign financial institutions, installation of a computer dealing system linked to automated settlement procedures and computer registration of share and bond titles.

Spain and Belgium have also recently undergone the rigors of computerization, while after a few false starts Italy too is planning to automate its scattered markets. West Germany has the strongest economy in Europe, yet its stock exchanges, hampered by regional jealousies and lacking an in-

vesting public, lag behind that of London. Frankfurt, the country's main financial center, is introducing a new computerized futures-and-options exchange and a screen-based share trading system just as German unification shifts the political and economic focus toward Berlin.

Action by the EC authorities has been limited to regulations aimed at leveling the playing field across the Community. Brussels has churned out directives on mutual recognition of securities listings, insider trading, public-offer prospectuses and alignment of conditions for admission. The EC also supports recommendations by the Group of 30 — an informal gathering of financial eminences with a small permanent secretariat in London — calling for worldwide stan-

dardization of settlement procedures. Freedom to provide financial services throughout the EC and the abolition of all restrictions on the flow of capital lie at the heart of the post-1992 single-market concept. Securities dealings are one element in this program, while stock exchanges occupy an anomalous territory halfway between private initiative and public regulation, buffeted by the conflicting demands of providing competitive services and integrating networks. If success is to be measured by customer satisfaction rather than which center is to dominate Europe, then the yardstick will be the ease of dealing throughout the Community, without regard to the country of issue or the place of transaction.

Michael Rosta

Insurance / Restructuring the Industry

New EC Insurance Decrees to Benefit Large Companies

The post-1992 world of insurance and financial services in the EC is shaping up to be a market dominated by a few large companies rather than a wide assortment of insurers vying to compete for the consumer's business.

The long-awaited EC second enabling decree on insurance supervision laws — the core of anticipated freedom of services for consumers in post-1992 Europe — primarily bene-

fits investment rising faster than countries' GNP.

its so-called "large-risk" policy holders.

Companies with either total balance sheets of more than ECU 6.2 million (US\$8 million), sales volume of over ECU 12.8 million or an average work force of more than 250 people can now, by the terms of the decree, take out various kinds of nonlife insurance with any insurer, whether domestic or foreign, without first having to go through the extra step of submitting their contracts to official bodies for approval.

Dr. Reiner Hagemann, in charge of property, transport and technical insurance for Allianz-Versicherungs AG, believes that large export companies will turn out to be the prime beneficiaries of new EC insurance directives.

Such companies throughout Europe have been required to conclude as many as 80 different insurance coverage plans and get local approval for them for each major export project. Now, presumably, the companies will be able to take out blanket policies for Europe-wide coverage through such firms as Allianz, Prudential or UAP.

The high level of premiums for such policies makes these much more profitable for insurance companies than policies for individual consumers. As a result, more than one European insurance company is already phasing out its policies for individuals.

This internationalization of the EC corporate insurance market has been provoked by factors other than 1992-related EC directives. As Dr. Hagemann says: "Our clients were getting more and more international and we



Reiner Hagemann of Allianz.

followed suit." In his view, the greatest service of the EC directive has been that it has simplified the writing of insurance contracts — no small matter.

Allianz has raised its percentage of nondomestic accounts by 44 percent during the past few years, a strategy that seems to be working; the company's total premium income for the last fiscal year reached DM29.2 billion (\$18.9 billion), and assets and funds under the company's control have reached a total of DM140 billion. Al-

lianz recently announced a \$3.3 billion purchase of the Fireman's Fund (U.S.), its largest-ever acquisition.

Standard coverage rather than lower prices may prove to be the greatest advantage of the new policies for EC consumers in the long run. A law passed by the EC's council of ministers in June grants all EC automobile passengers automatic insurance coverage in case of accident. This law, which also provides protection against uninsured drivers and which stipulates that liability automobile insurance policies will be valid in all European countries, is scheduled to take effect in most EC countries and for most categories of motor vehicles beginning January 1, 1993.

And what about the "big three" of the consumer insurance sector — health insurance, life insurance and pension plans? The total amount invested in such insurance in the EC is rising two to three times faster than the GNP in most countries, contrasting sharply with the relatively low level of growth in other financial sectors such as banking.

The enormous sums of money the insurance industry can mobilize has forced banks either to enter the field themselves (as in the case of Deutsche Bank's new subsidiary) or conclude equity or service alliances with the insurers.

Allianz's Dr. Hagemann says not all

the changes in the EC insurance sector will necessarily result in cheaper and better policies for consumers. He points out the significant differences among policies currently offered throughout the EC. A health insurance policy with a German company, he says, cannot be canceled if the policyholder suffers a long (and expensive) illness, but this is not the case in some of the other EC countries.

When consumers invest in life insurance, Dr. Hagemann points out, they "are not investing in a certain return, but in security," and must be careful to read the fine print in any new policy they are considering.

As EC consumers get older and more affluent, and as their needs grow more and more complex, Europe's insurance companies are facing increasing costs resulting from retraining their sales forces.

In addition, faced with the need to assist representatives (of which Allianz has 47,000 in Germany alone) in countering the sales pitches of hundreds of new competitors entering the EC insurance scene, the administrative costs for companies can only rise.

Overlooked in all the brouhaha about the new pluralism in Europe's post-1992 insurance market is the fact that going pan-European is expensive.

Terry Swartzberg



Régis Rousselle, chairman of the French stock exchange association.

EBRD / Banking on the East

Development Bank Readies for Action

Preparations for a development bank to help Eastern Europe rebuild its economies and enter a free-market system as painlessly as possible are well under way, according to bank officials.

The European Bank for Reconstruction and Development (EBRD) — to be located in London and headed by Jacques Attali, special adviser to French President François Mitter-

rand — may start operating early next year. Officials hope shareholders with two-thirds of the voting rights will have ratified the founding agreement by March 1991.

The founding agreement may be ratified by March 1991.

Progress since France launched the idea of the bank in November 1989 has been surprisingly rapid, considering that there are 42 different shareholders to please.

EC countries, along with the European Commission and European investment banks, hold a 51 percent stake in the EBRD's ECU10 billion (US\$13 billion) capital. The United States is the biggest single contributor, with 10 percent, and is followed by Japan, Britain, Germany, France and Italy, with 8.5 percent each.

Other shareholders include 11 non-EC European countries, nine nations outside Europe — as far afield as Mexico, Israel, Morocco and South Korea — and the eight potential borrowers. The eight will, of course, become seven after the unification of the two Germanys. A 1.25 percent stake in the bank was left unallocated for new members in the future.

The road to the establishment of the bank has been bumpy. One of the major stumbling blocks early on was whether the Soviet Union would be eligible for loans. The United States in particular was against the idea be-

cause the Soviet Union does not — yet — meet the main criterion for EBRD participation, which is to "promote private and entrepreneurial initiative in the Central and Eastern European countries committed to and applying the principles of multi-party democracy, pluralism and market economies."

But a compromise was struck allowing Moscow to borrow, for the first three years of bank operations, amounts not to exceed the total capital the country has paid into the bank. After that, the agreement of an 85 percent majority of shareholders will be needed for the Soviets to borrow as freely as the East Europeans.

In another compromise, it was agreed that the bank's capital can be denominated in dollars and yen as well as ECUs. The United States had argued that it would run an exchange rate risk by putting up the cash in ECUs, and won its case in the end.

The bank's first official missions to Eastern Europe have been scheduled for October. Mr. Attali and his team will visit Hungary, Poland, Czechoslovakia and other countries before the end of the year. "The idea is to identify priorities and possible projects," says Pierre Pissaloux, Mr. Attali's chief aide. "We will not negotiate loans or equity stakes in companies until the bank starts operating next year." Expectations are high for the first deals, which should be struck next summer.

The bank will also concentrate on regional projects in areas such as the environment and energy. "There is a lot to be done, and the bank is well placed to do it," Mr. Pissaloux says. Joint missions with other international institutions like the World Bank will be sent to Eastern Europe if they are working on the same projects, he adds.

The exchange rate will be calculated each time that a new tranche of the capital is paid in. Mr. Attali has promised.

The United States has also been against the proposal that the EBRD lend to the public as well as the private sector, but in this case, too, a compromise was found: public sector borrowings will be limited to 40 percent, with

60 percent for the private sector. The most recent EBRD-related controversy has been the possibility that the United States might pull out of the project completely because it objects to Mr. Attali's plan to centralize power in order to minimize bureaucratic tangles and to set up a branch network in Eastern Europe.

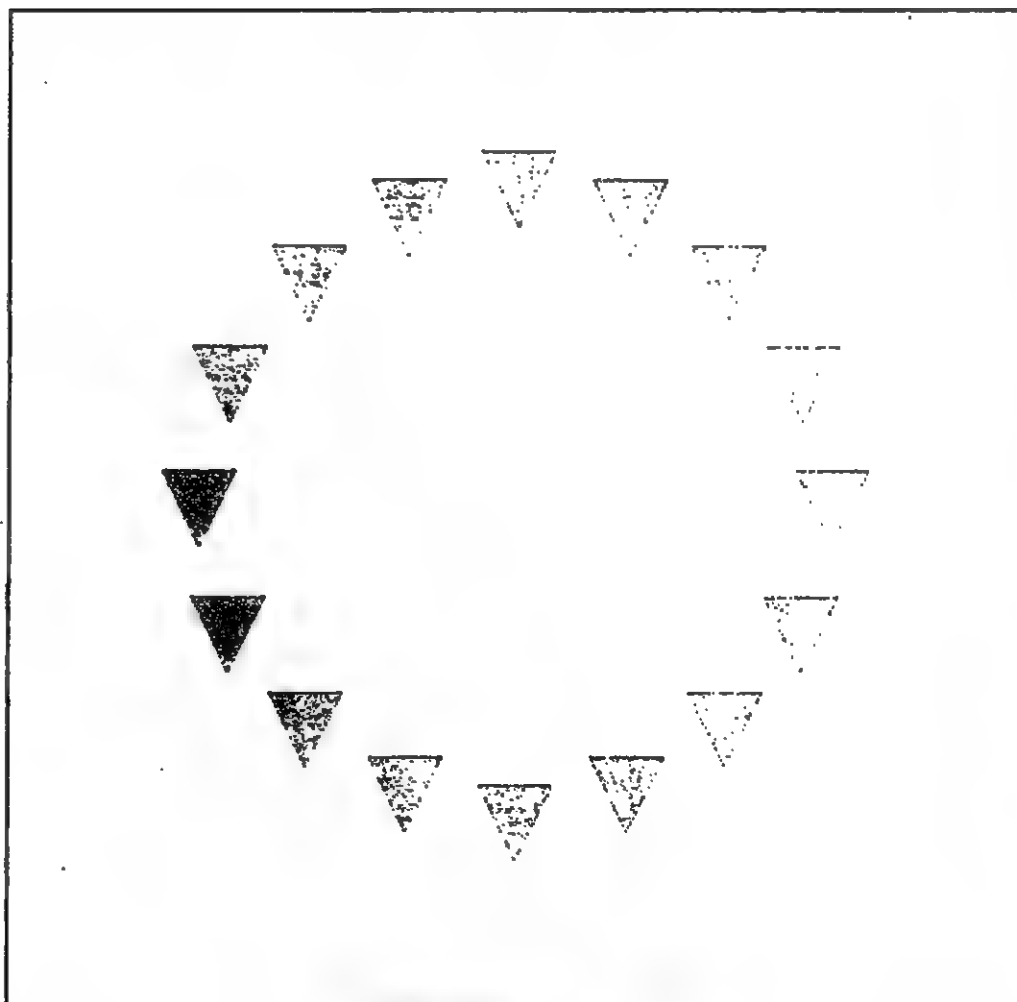
Bank officials have been perplexed by the criticism. At the last shareholders' meeting this summer, some members were against the idea of a branch network; others were in favor of it, but all agreed the idea should be studied further before final decisions are made. As Sylvia Jay, deputy chief aide to Mr. Attali, says: "The most surprising thing is that the world is surprised the shareholders don't agree about every detail."

The issues of centralization and a possible branch network will be discussed at the next shareholders' meeting, scheduled for the second half of October in London.

The bank's first official missions to Eastern Europe have been scheduled for October. Mr. Attali and his team will visit Hungary, Poland, Czechoslovakia and other countries before the end of the year. "The idea is to identify priorities and possible projects," says Pierre Pissaloux, Mr. Attali's chief aide. "We will not negotiate loans or equity stakes in companies until the bank starts operating next year." Expectations are high for the first deals, which should be struck next summer.

The bank will also concentrate on regional projects in areas such as the environment and energy. "There is a lot to be done, and the bank is well placed to do it," Mr. Pissaloux says. Joint missions with other international institutions like the World Bank will be sent to Eastern Europe if they are working on the same projects, he adds.

Barbara Casassus



The spirit of '92.

The Spirit of 1992 is the spirit of a new openness throughout Europe.

It is a spirit whose very success will depend on each nation's ability to communicate with one another.

And it is this spirit which is at the very core of Alcatel's business.

Already, we manufacture in 16 European countries and operate in many more. We are a champion of Europe without frontiers.

As Europe's No 1 communications systems

specialist, we have the complete range of products and services to provide all the solutions you will need to make 1992, and beyond, a success.

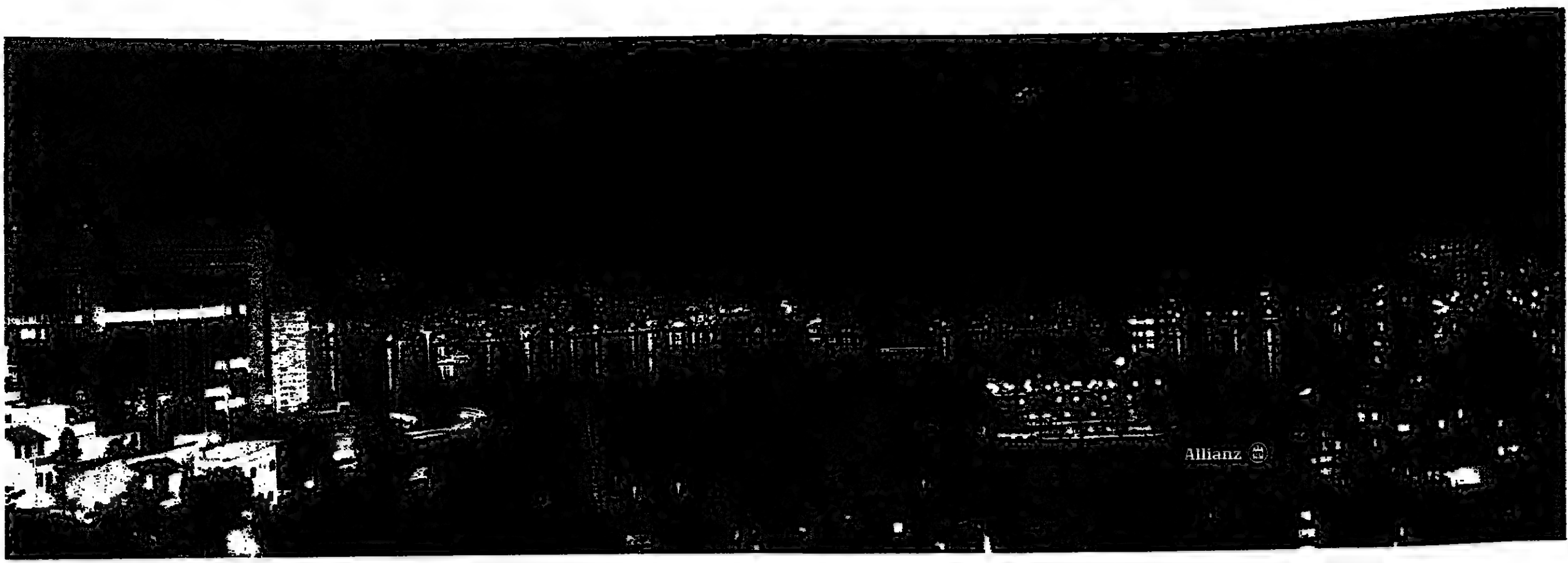
In the true spirit of '92, Alcatel will be supporting the Albertville Winter Olympic Games, the Barcelona Summer Olympic Games and Universal Expo '92 in Seville.

These events will bring together millions of people from all over Europe and the World.

Which is exactly what Alcatel does, day in, day out, each and every day.

ALCATEL

Alcatel s.a., World Trade Center, Struyskylaan 341, NL 1077 XX Amsterdam, The Netherlands.



Europe's No.1 insures your risk. Being at home where you are.

Familiarity with regional situations is the precondition for offering the right insurance cover for every risk. Allianz is at home in 39 countries all over the world. For 100 years comprehensive technical and financial resources have made Allianz a proven partner for business. Chance has played no role in making us the leader in the demanding European market. Nowadays, Allianz insures major industrial and technical projects all over the world.



EUROPE'S LEADING INSURANCE COMPANY

Allianz worldwide: Argentina · Australia · Austria · Belgium · Bermuda · Brazil · Canada · Chile · Denmark · Egypt · France · Germany · Great Britain · Greece · Hong Kong · Hungary · Indonesia · Ireland · Italy · Japan · Liechtenstein · Mexico · Netherlands · New Zealand · Norway · Peru · Portugal · Saudi Arabia · Singapore · South Africa · Spain · Sweden · Switzerland · Tunisia · Turkey · U. Arab Emirates · USA · Venezuela · Yugoslavia.

شركة التأمين العالمية

1992
American Bar
European
1492
Years la
1992
European
Euro

1992 The World

United States / Retrenchment

American Banks Cutting Back Their European Operations

U.S. trade officials learned on their EC counterparts to ensure that the 1992 program did not discriminate against American banks and other financial service institutions.

Whether U.S. banks and financial service providers will try to take advantage of the liberalized European marketplace is questionable, however.

Most American banks have been reducing their

\$223 billion in EC assets in 1989

activities in the EC, as well as in other foreign markets, and giving more attention to their most profitable lines of business. For some, such as Wells Fargo & Company, based in San Francisco, this has meant shutting down their European and other foreign operations altogether.

Other banks are emphasizing investment-related activities and other niche markets. The Chemical Banking Corporation of New York has reduced its lending activities in Europe and closed its offices in Italy, Spain and France, and is now concentrating on its foreign exchange trading, where it is one of the biggest global players. Chemical is also providing financial advisory and merger-and-acquisition services in Europe.

"The profit margins are greater for us," says Charles Salmons, a Chemical spokesman.

A report by the U.S. General Accounting Office earlier this year found that in addition to the pullback by U.S. banks already in Europe, other American banks that might appear to be good candidates for an initial expansion there are not making those moves.

U.S. securities firms have also shown little sign of

making specific plans to enlarge their operations in Europe, the report said.

As far as American banks are concerned, they have good reason to worry about the bottom line. The 1980s were a rough period, as economic shocks such as the drop in the price of oil and Third World insolvencies caused banks to write off billions in loans. Credit ratings for some American banks have dropped, making it more difficult to attract corporate business.

Realizing that American banks needed help, U.S. trade officials made a strong show of opposition in 1988 to the proposed EC second banking directive, which contained a reciprocity provision that appeared to threaten American banks' activities in Europe. Last year the Community amended the directive and U.S. officials said that most of their objections had been met.

But banking and government officials still worry that as the EC deregulates its financial services marketplace, American banks will be unable to participate fully in Europe's economic expansion. "There are potential problems in this area," says Democratic Representative Doug Barnard of Georgia, chairman of the House monetary affairs subcommittee. "They stem largely from the way we regulate banks domestically, and the fact that our financial institutions have not yet gotten the global perspective to compete aggressively in foreign markets."

The presence of U.S. banks in Europe remains substantial. At the end of 1989, the combined assets of U.S. banks' branches and subsidiaries in the EC totaled \$223 billion, a \$16 billion increase over 1988, according to Federal Reserve figures. But American

banks have found that increased competition from European and Japanese banks has made lending a less profitable pursuit.

The only American bank that is pursuing a full-fledged overseas expansion campaign, both in Europe and elsewhere, is Citibank. The Chase Manhattan Bank also maintains an extensive foreign operation, although it has sold off its local retail banking network in the Netherlands and Belgium. This year, it plans to slim its European operations down further. But Tom Swayne, Chase's area executive for Europe, Africa and the Middle East, denies that Chase is withdrawing from the Continent.

"We're trying to concentrate on what we do well," says Mr. Swayne, "such as corporate finance, global custody and private banking." Chase is also expanding its credit card business.

Wells Fargo has tried to make up for its pullback in Asia by forming an alliance with the Hongkong and Shanghai Banking Corporation, through which Wells Fargo customers can obtain letters of credit and other services for their Asian business. Mary Carver, the Wells Fargo senior vice president in charge of international trade services, says the bank would like to form a similar alliance with a European bank, but any such agreement is a few years down the road. "There isn't a predominant bank in Europe that provides all the services — but they are moving in that direction."

Might the reduction in American banking activities in Europe eventually lead to the creation of European banking giants that will encroach upon the business of U.S. banks at home?

"I agree that it's a possibility," says Ms. Carver. But she believes that Wells Fargo can provide services that foreign banks cannot match. Other banking executives argue that to expand abroad once again, U.S. banks must improve their position domestically.

Steve Dryden

Spain and Portugal / Restructuring

Iberian Institutions Hustle To Make Up for Lost Time

Once protected from outsiders' rivalry, the banking sectors in Spain and Portugal have been forced to become more competitive now that foreign banks have been allowed to establish wholesale and retail operations on Spanish and Portuguese soil.

Both countries will have to upgrade their solvency ratios, product diversity and services before they enter the EC (in 1993 for

Only one Spanish bank is in Lisbon

Spain and two years later for Portugal) in order to compete effectively. This will be a healthy prospect, according to Joaquín Tamames, head of Madrid-based analysts Research Associates. In his view, Spanish banks have begun efforts to capture larger market shares.

Staff and property costs

have soared in the past decade, increasing banks' operating costs. Many banks have made heavy investments in automation and staff training as well. Santander and Banco Hispano Americano have been driving down the average age and driving up the average skills of their employees, hiring a majority of young graduates and pensioning off older staff. Santander has the lowest average staff age — 32 — of any Spanish bank. All these efforts to upgrade are costly.

In addition to trying new tactics in order to keep their local clients after 1992, Spanish banks are trying to establish a stronger position throughout Europe. In recent years they have negotiated alliances with major banks in France, West Germany, Belgium and Italy in the belief that working through and with allies is more practical than at-

tempting to build new EC branch networks. Spanish banks have also been re-searching opportunities closer to home, in Portugal.

Only the ongoing effort of successive Portuguese governments to stem the incoming Spanish flow has kept Spain's main banks from dominating the Portuguese banking sector. "We would like reciprocity," says Baldomero Falcones, international director of Banco Hispano Americano. He points out that, so far, three Portuguese banks — Banco Portugues do Atlantico (BPA), Banco Espírito Santo e Comercial de Lisboa (BESCL), both nationalized, and Banco de Fomento da Exportação, a development bank set to be partly privatized next year — have been granted full branches in Spain. Only one Spanish bank, Banco Exterior de España (BEE), has been allowed a Lisbon

branch, following a nine-year wait. English, French, U.S. and Belgian banks who applied years after BEE received their Portuguese licenses earlier.

Hispano Americano wants a full bank in Portugal. Until 1995, when Portuguese authorities may still hate the idea of Spanish competition but can no longer officially block it, Hispano Americano is building up Portuguese affiliates — an investment company, a brokerage, a property fund and a leasing company.

Whether in Lisbon, Madrid, Barcelona or Santander, bankers seem to agree that the key to post-1992 success is cooperation or association with an established EC bank. Hispano Americano, for instance, has made a 10-percent share swap with Germany's Commerzbank; the partners are developing joint products like travel and trade cards. Commerzbank eventually will help Hispano Americano enter the growing European market through the West German bank's planned branch network.

Diana Smith

Barbara Casassus is a Paris-based free-lance writer.
Steve Dryden is a Washington-based free-lance journalist.
Timothy Harper is a London-based American journalist and lawyer.
Axel Krause is corporate editor of the International Herald Tribune.
Michael Rowe is a Paris-based financial and business writer.
Diana Smith is a business journalist based in Madrid.
Terry Swartzberg is editor-in-chief of Who's Who Edition European Business and Industry.

The next installment in the 1992 series will appear on Oct. 22 and will focus on Eastern Europe.

1492

Christopher Columbus discovers America.

500 Years later

1992

The Europeans discover Europe.

NOW. Discover Germany by learning German

PLEASE SEND ME FREE DETAILS OF YOUR LANGUAGE COURSES IN GERMANY.

OR IN _____ COUNTRY

NAME _____

ADDRESS _____

GOETHE-INSTITUT

LENBACHPLATZ 3 · D-6000 MÜNCHEN 2 · TEL. 089/399-320

1290



WELCOME
TO A WORLD
OF GREATER PURITY,
SPOTLESS BEAUTY
AND RESPONSIBILITY.

RHÔNE-POULENC

Respect for nature, development of clean technologies, upgrade wastes, energy recovery, reduction of effluents in air and water, implementation of new processes to prevent and cope with harmful effects of effluents. Through its philosophy of corporate responsibility, Rhône-Poulenc works for the protection of the natural surroundings and helps to preserve tomorrow's world.

MONDAY SPORTS

Austria 1 Set From Upset Of U.S. in Davis Cup Semi

Compiled by Our Staff From Dispatches

VIENNA — Horst Skoff and Thomas Muster put Austria within one set of a Davis Cup semifinal victory over the United States before darkness halted play Sunday.

Skoff led Michael Chang, 6-3, 7-6 (7-4), 4-6, when their match was suspended. Muster had played nearly flawless tennis in beating a mistake-prone Andre Agassi, 6-2, 6-2, 7-6 (7-2) to tie the best-of-five series at 2-2.

Skoff and Chang will complete their match on Monday, with the winning team facing Australia in the Davis Cup final Nov. 30-Dec. 2. The Australians defeated Argentina, 5-0, in the other semifinal, which was played in Sydney.

In qualifying for the 1991 finals, Yugoslavia beat Switzerland, 3-2; France shut out Britain; Sweden blanked Finland; Canada held a 2-1 lead over the Netherlands; Spain defeated the Soviet Union, 4-1, and Mexico had beaten Uruguay, 3-0. (See Scoreboard)

The Skoff-Chang match started an hour late because of rain. Skoff, yelling on nearly every shot he hit, volleyed well and outlasted Chang on several long baseline rallies to win the first two sets.

Skoff won the first four games, then survived a service break in winning the first set. He won the last three points of the tiebreaker that decided the second set.

Chang rallied in the third set, capitalizing on careless errors by Skoff and breaking him on his third game point, ending the game with a forehand winner.

Muster, who is 24-0 in Davis Cup matches on clay courts, kept Agassi off balance with sharp passing shots, well-disguised lobs and delicate drop shots.

Agassi made 58 unforced errors. He started tentatively and could not slow Muster, urged on by 18,000 fans including Austria's president, Kurt Waldheim. Muster took just over two hours

to thrash the U.S. and French Open finalist, winning the tiebreaker on a passing backhand.

He had rocketed into a two-set-to-zero lead in only 67 minutes, using his big serve and whiplash forehand to full effect.

Agassi, broken twice without reply in each of those sets, did not settle down until the start of the third, when he saved a break point, held his serve and went on to build a lead of 3-0 and get to breakpoint.

But Muster, with the crowd chanting, held his service, broke back in the fifth game and took the set and the match to the decisive tiebreaker.

"It was just nerves, it was just something I felt," Agassi said. "It would have been a lot easier if the crowd had been for me. Next time we play, hopefully it will be some place outside Austria."

The final will be played at Melbourne if Austria wins its semifinal and in Tampa, Florida, if the United States advances. Austria is in the Davis Cup semi-



Thomas Muster shouted it out after his rout of Andre Agassi.

finals for the first time and is saving its chance to beat the United States, which holds a record 28 Davis Cup titles.

The U.S. entered the day with a 2-1 lead, having won Saturday's doubles and split Friday's singles.

The Australia-Argentina semifinal was decided Saturday when Mark Kratzmann and Darren Cahill, although needing 28 games in the fifth set, beat Javier Frana and

Mansell Wins Shortened Prix

The Associated Press

ESTORIL, Portugal — Nigel Mansell of Britain won the Portuguese Grand Prix on Sunday in a race cut short because of an accident with nine laps left.

Mansell was leading by three seconds over Ayrton Senna of Brazil. Alain Prost of France third, less than a second behind Senna.

Alex Caffi of Italy, in eighth place, crashed and was trapped in his car just off the track. The stewards stopped the race, with the results reverting to the standings after the 61st lap, although Mansell had completed 62 laps.

That gave Mansell, in a Ferrari, his 16th victory. Senna's second-place finish, worth six points, stretched his margin over Prost in the overall drivers' standings to 18 points with three races left.

Caffi was not seriously injured although he was taken away by helicopter to a hospital.

Senna led for the first 29 laps, until he went in for a tire change. After the top four pitted, Senna again led from the 31st until the 50th, when Mansell went by him on the first turn.

SIDELINES

China Opens Asian Games in Victory

BEIJING (AP) — A 44-kilogram (97-pound) farmer's daughter won the first event of the 1990 Asian Games as China took all eight of Sunday's gold medals, three in women's weightlifting, four in swimming and one in men's team gymnastics.

Weightlifter Xing Fen, 17, surpassed her own world record of 92.5 kilograms with a clean and jerk of 95 kilograms. However, the International Weightlifting Federation recognizes only records set at world meets.

Kuwait, which sent a team in exile after Iraq invaded that country on Aug. 2, started the soccer competition with a 2-1 victory over Hong Kong.

Woosnam Wins World Match Play

VIRGINIA WATER, England (AP) — Ian Woosnam of Wales beat Mark McNulty of Zimbabwe, 4 and 2, Sunday to win his second World Match Play golf title in four years. (See Scoreboard)

McNulty tied with a long putt at No. 27, but Woosnam regained the lead on the next hole after McNulty sliced into the trees.

For the Record

Ben Jonsson, whose two-year suspension for steroid use ends Monday, and Carl Lewis will not be allowed to compete in a one-on-one 100-meter race, Primo Nekiola, president of the International Amateur Athletics Federation, said in Beijing.

Jean-Marc Boesani of France and Horst Lotz of West Germany were killed and four others injured in a mass crash during the Bol d'Or 24-hour endurance motorcycle race Saturday in Le Castellet, France. (Reuters)

Peter Elliot of Britain won the Mercedes Mile in New York for the second consecutive time Saturday and American Patsie Plummer won the women's division. (See Scoreboard)

Minnie Maseo, 68, hoping to be the first to play in the major leagues in six decades, cannot be activated by the Chicago White Sox, the commissioner has ruled. (AP)

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division

W	L	Pct.	GB
Boston	52	.509	—
Toronto	52	.509	—
Detroit	49	.477	3 1/2
Cleveland	49	.477	3 1/2
Baltimore	49	.477	3 1/2
Minnesota	49	.477	3 1/2
New York	41	.401	11 1/2

West Division

W	L	Pct.	GB
Oakland	54	.542	—
Chicago	54	.542	—
Seattle	50	.500	3 1/2
San Diego	49	.490	4 1/2
California	47	.470	6 1/2
Texas	47	.470	6 1/2
Kansas City	40	.400	13 1/2
Minnesota	39	.390	14 1/2

NATIONAL LEAGUE

East Division

W	L	Pct.	GB
Pittsburgh	57	.572	—
New York	54	.542	—
Atlanta	51	.512	3 1/2
Chicago	49	.490	5 1/2
Philadelphia	48	.480	6 1/2
St. Louis	48	.480	6 1/2

West Division

W	L	Pct.	GB
Cincinnati	54	.544	—
Los Angeles	52	.524	—
San Francisco	51	.512	1 1/2
San Diego	49	.490	3 1/2
Houston	48	.480	4 1/2
Pennant Races	41	.401	11 1/2

REMAINING GAMES

AMERICAN LEAGUE

East Division

BOSTON (10) — HOME (8): Sept. 25, 26, 27, 28, 29, 30, 31; AWAY (2): Sept. 25, 26, 27, 28, 29, 30, 31.

NEW YORK (11) — HOME (8): Sept. 25, 26, 27, 28, 29, 30, 31; AWAY (3): Sept. 25, 26, 27, 28, 29, 30, 31.

ATLANTA (11) — HOME (8): Sept. 25, 26, 27, 28, 29, 30, 31; AWAY (3): Sept. 25, 26, 27, 28, 29, 30, 31.

CHICAGO (11) — HOME (8): Sept. 25, 26, 27, 28, 29, 30, 31; AWAY (3): Sept. 25, 26, 27, 28, 29, 30, 31.

PHILADELPHIA (11) — HOME (8): Sept. 25, 26, 27, 28, 29, 30, 31; AWAY (3): Sept. 25, 26, 27, 28, 29, 30, 31.

ST. LOUIS (11) — HOME (8): Sept. 25, 26, 27, 28, 29, 30, 31; AWAY (3): Sept. 25, 26, 27, 28, 29, 30, 31.

WEST DIVISION

CINCINNATI (10) — HOME (8): Sept. 25, 26, 27, 28, 29, 30, 31; AWAY (2): Sept. 25, 26, 27, 28, 29, 30, 31.

LOS ANGELES (11) — HOME (8): Sept. 25, 26, 27, 28, 29, 30, 31; AWAY (3): Sept. 25, 26, 27, 28, 29, 30, 31.

SAN FRANCISCO (11) — HOME (8): Sept. 25, 26, 27, 28, 29, 30, 31; AWAY (3): Sept. 25, 26, 27, 28, 29, 30, 31.

HOUSTON (11) — HOME (8): Sept. 25, 26, 27, 28, 29, 30, 31; AWAY (3): Sept. 25, 26, 27, 28, 29, 30, 31.

PENNSYLVANIA (11) — HOME (8): Sept. 25, 26, 27, 28, 29, 30, 31; AWAY (3): Sept. 25, 26, 27, 28, 29, 30, 31.

FRIDAY'S LINE SCORES

AMERICAN LEAGUE

East Division

Boston 5-0 New York 5-0

Atlanta 5-0 Chicago 5-0

Philadelphia 5-0 St. Louis 5-0

West Division

Cincinnati 5-0 Los Angeles 5-0

San Francisco 5-0 Houston 5-0

Pennsylvania 5-0

FRIDAY'S LINE SCORES

AMERICAN LEAGUE

East Division

Boston 5-0 New York 5-0

Atlanta 5-0 Chicago 5-0

Philadelphia 5-0 St. Louis 5-0

West Division

Cincinnati 5-0 Los Angeles 5-0

San Francisco 5-0 Houston 5-0

Pennsylvania 5-0

FRIDAY'S LINE SCORES

AMERICAN LEAGUE

East Division

Boston 5-0 New York 5-0

Atlanta 5-0 Chicago 5-0

Philadelphia 5-0 St. Louis 5-0

West Division

Cincinnati 5-0 Los Angeles 5-0

San Francisco 5-0 Houston 5-0

Pennsylvania 5-0

FRIDAY'S LINE SCORES

AMERICAN LEAGUE

East Division

Boston 5-0 New York 5-0

Atlanta 5-0 Chicago 5-0

Philadelphia 5-0 St. Louis 5-0

West Division

Cincinnati 5-0 Los Angeles 5-0

San Francisco 5-0 Houston 5-0

Pennsylvania 5-0

FRIDAY'S LINE SCORES

AMERICAN LEAGUE

East Division

Boston 5-0 New York 5-0

Atlanta 5-0 Chicago 5-0

Philadelphia 5-0 St. Louis 5-0

West Division

Cincinnati 5-0 Los Angeles 5-0

San Francisco 5-0 Houston 5-0

Pennsylvania 5-0

FRIDAY'S LINE SCORES

AMERICAN LEAGUE

East Division

Boston 5-0 New York 5-0

Atlanta 5-0 Chicago 5-0

Philadelphia 5-0 St. Louis 5-0

West Division

Cincinnati 5-0 Los Angeles 5-0

San Francisco 5-0 Houston 5-0

Pennsylvania 5-0

FRIDAY'S LINE SCORES

AMERICAN LEAGUE

East Division

Boston 5-0 New York 5-0

Atlanta 5-0 Chicago 5-0

Philadelphia 5-0 St. Louis 5-0

West Division

Cincinnati 5-0 Los Angeles 5-0

San Francisco 5-0 Houston 5-0

Pennsylvania 5-0

FRIDAY'S LINE SCORES

AMERICAN LEAGUE

East Division

Boston 5-0 New York 5-0

Dennis the Menace

"DO YOU WANT THE THINGAMAJIG OR THE DOODLEBEE?"

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

PEANUTS

"I'VE DECIDED TO RUN FOR CLASS PRESIDENT."

"GOOD FOR YOU, 'PIEPEN,' BUT MAYBE YOU SHOULD SORT OF CLEAN UP A BIT FIRST..."

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

9-24

MONDAY SPORTS

Giants Put Brakes On Marino, Bears Remain Undefeated

Compiled by Our Staff From Dispatches

The Giants shut down Dan Marino and Miami's offense, and Otis Anderson became the National Football League's No. 3 all-time rusher as New York defeated the Dolphins, 20-3, Sunday.

The meeting in East Rutherford, New Jersey, was the first between the teams since 1972.

The Giants dominated the entire game, holding the ball for 40 minutes, 18 seconds. Miami got into New York territory just once and

NFL ROUNDUP

managed its only score on a 51-yard field goal by Pete Stoyanovich early in the third quarter.

Perry Williams and Myron Guyton intercepted Dolphins passes and Lawrence Taylor recovered a fumble by Troy Stadford at Miami's 10-yard line early in the fourth quarter to set up Anderson's second one-yard touchdown. That score gave New York a 17-3 lead.

Anderson, who also scored late in the first half, finished with 72 yards on 25 carries. He has 9,433 career rushing yards, moving him ahead of Earl Campbell, who had 9,407, on the NFL's rushing list.

For the game, Miami gained 39 yards on 11 rushes against the league's top-ranked defense facing the run. Sammie Smith, who led the league in rushing with 215 yards entering the game, gained nine on five carries.

Marino finished 14 of 30 for 115. He was sacked for the first time this season when Taylor and Leonard Marshall got to him late in the game.

Taylor, who charged around blockers on the final play of the game, left the field limping and grabbing his hamstring. He needed help going to the dressing room.

Bears 19, Vikings 16: In Chicago, Kevin Butler's 32-yard field goal with four seconds remaining after punter Harry Newsum fumbled a snap kept the Bears undefeated.

The Bears stopped the Vikings with 25 seconds left and, on fourth down, Newsum dropped the snap and the Bears recovered on the Minnesota 39. They failed to make a first down before Butler broke the 16-16 tie with his fourth field goal of the game.

The Vikings had tied it with a 17-yard touchdown pass from Wade Wilson to Hassan Jones with 1:55 left. Wilson completed five passes in the 80-yard drive.

Chargers 24, Browns 14: Billy Joe Fiftner threw two touchdown passes to Anthony Miller and the San Diego defense set up two other scores with turnover recoveries.

The victory in Cleveland over the defending American Football Conference Central Division champions was the Chargers' first of the season.

Fuad Revez kicked a 42-yard field goal and Rod Bernstine scored on a one-yard plunge with 11:24 left in the game.

The San Diego defense sacked Bernie Kosar three times, intercepted three of his passes and also recovered a fumble.

Redskins 19, Cowboys 15: Chip Lohmiller kicked four field goals, and Darrell Green ran an intercep-

tion back for a touchdown as the Redskins, playing the second half without injured quarterback Mark Rypien, won in Washington.

Rypien went out with a sprained knee with two minutes left in the half and watched the rest of the game on crutches. There was no word on his status for next week.

The Redskins sacked Troy Aikman eight times, forced him into a fumble and intercepted him twice.

Lohmiller kicked field goals of 24 and 55 yards after Dallas tied the score at 5 on Ken Willis's second field goal. 1:19 into the second half, Green's 18-yard interception return with 13:24 left made it 19-6.

Trying to drive for a winning touchdown, Dallas got to the Washington 40 with 1:13 left when Todd Bowles intercepted Aikman.

Bengals 41, Patriots 7: Jim Breech made a record kick and Rodney Holman scored off a fake field goal in a 31-point spree that kept the Bengals unbeaten.

The Bengals forced four turnovers as they raced ahead by 31-0 in the first half in Cincinnati. New England came into the game with the best turnover ratio in the NFL, but self-destructed with four fumbles, two interceptions, two blown coverages on defense, a botched punt and an end zone interception nullified by a holding penalty.

Breech's 46-yard field goal started the spree and gave him a league-record 152 consecutive games with a score, surpassing Fred Cox of Minnesota, whose streak ended on Dec. 2, 1972.

Oilers 24, Colts 10: Warren Moon started up the Oilers' run-and-shoot offense with three touchdown passes and became the Oilers' all-time leading passer in the victory in Houston.

The Oilers struggled in the first quarter, but Moon completed touchdown passes of 13 and seven yards to Lorenzo White in the second quarter.

Moon completed 29 of 39 passes for 308 yards, giving him a career total of 19,289.

Left George the Indianapolis quarterback who was the top pick in the NFL draft but who has struggled so far this season, left the game with a stomach injury in the second quarter.

Oilers 17, Packers 3: Christian Okoye ran five yards for a second-quarter touchdown and Stan Petry returned an interception 33 yards for another score with three minutes left as Kansas City won at Green Bay, Wisconsin.

The Chiefs also recovered two key fumbles, sacked Don Majkowski six times in his first start of the season and blocked a punt.

Saints 28, Cardinals 7: Rueben Mayes, sidelined all of last season after Achilles tendon surgery, scored three of the Saints' first four touchdowns of the season in the victory in New Orleans.

Mayes' touchdowns came on runs of 10 yards in the third quarter and 4 and 14 yards in the fourth.

Saints quarterback John Foye threw a 14-yard touchdown pass to Eric Martin with 22 seconds left in the first half, breaking a scoreless tie.

(AP, UPI)



Anthony Carter of the Vikings reached around to catch a pass, but found the football was already firmly in the grasp of Lemuel Stinson of the Bears. Chicago had the game in hand, too, 19-16.

Jays Win, Lead AL East by One As Red Sox Lose to Yankees

Compiled by Our Staff From Dispatches

Mookie Wilson lifted a fly ball over a drawn-in outfield in the bottom of the 10th inning Sunday to give Toronto a 5-4 victory over the Cleveland Indians, moving the Blue Jays into sole possession of first place in the American League East.

Toronto's victory in the Sky-Dome, coupled with the Boston's loss to New York, gave Toronto a one-game lead with nine games left.

With the score tied at 4-4, Kenny Williams led off the 10th by drawing a walk from Colby Ward, 1-3. Williams was sacrificed to second by Carlos Diaz and Ward issued an intentional walk to John Olerud before walking Mark Whiten to load the bases. Wilson then hit a 1-0 pitch over left fielder Sam Jeffers-

son's head to score Williams with the game-winning.

Trailing by 4-3, had Toronto tied the score in the ninth with a run off Cleveland relief ace Doug Jones.

Whiten opened the ninth with a single and one out later, Tony Fernandez singled Whiten to third.

Kelly Gruber, who earlier hit a two-run homer, followed with a sacrifice fly to deep center.

On Saturday, the Indians had beaten Toronto, 5-2, as Candy Maldonado and Chris James hit consecutive home runs in the sixth.

Sandy Alomar Jr.'s homer in the 13th Friday had won that game, 2-1.

Yankees 5, Red Sox 4: Tom Bolton, starting for Roger Clemens, lasted only 1 1/2 innings in Yankee Stadium as New York sent Boston to its eighth loss in 10 games.

The Yankees made it 5-3 when Steve Sax hit his fourth homer with one out in the seventh off Wes Gardner.

Clemens, sidelined since Sept. 4 with severe tendinitis in his right shoulder, was scratched Saturday night because of continued tenderness. Manager Joe Morgan said he hopes Clemens can start on Friday in the opener of the three-game series against Toronto.

Wade Boggs went zero for five, each time making an out to end an inning.

On Saturday, the Red Sox had lost, 5-2, to the Yankees on Sax's tiebreaking, two-run triple in the eighth. Ellis Burks and Mike Greenwell had homered to give the Red Sox a 3-0 victory and a tie for first on Friday night. (UPI, AP)

A's Only 2 Away From 3d Straight Division Title

Compiled by Our Staff From Dispatches

Scott Sanderson pitched his 17th victory of the season and Ricky Henderson hit his 27th home run as

BASEBALL ROUNDUP

the Athletics defeated the Detroit Tigers, 5-1, in Oakland and closed in on the division title in the American League West.

Oakland reduced its magic number to two over second-place Chicago. Any combination of A's victories and White Sox losses totaling two would give Oakland's third straight division title.

Sanderson allowed three hits and an unearned run in 6 1/2 innings to win for the fifth time in seven starts. Sanderson, who won 16 for Montreal in 1989 in his previous best major league season, is 3-0 against Detroit this year with a 1.06 earned-run average.

White Sox 14, Mariners 5: Chicago kept its slim hopes alive in Seattle as Carlton Fisk homered and drove in a total of four runs.

The White Sox went into the game knowing that if they lost, Oakland would clinch at least a tie for the AL West title.

Chicago got a season-high 18 hits as Robin Ventura, Frank Thomas, Lance Johnson and Ozzie Guillen had three each. Guillen batted in three runs.

"We haven't scored 14 runs all year," said Jeff Torborg, the Chicago manager. "We got great team character and great team attitude."

Trailing by 5-2, Chicago scored four runs in the third inning, two each in the fourth and fifth and four more in the sixth.

Royals 4, Angels 3: George Brett had four hits to raise his league-leading batting average to .332. His seventh-inning homer off Jim Abbott broke a 3-3 tie in Kansas City.

Pirates Keep Lead at 2 1/2 As They and Mets Win

Compiled by Our Staff From Dispatches

Bobby Bonilla homered and drove in two runs Sunday as the Pirates reduced their magic number in the National League East to eight by beating the St. Louis Cardinals, 7-2, in Pittsburgh.

That kept the Pirates 2 1/2 games ahead of the New York Mets, who won in Chicago. The Montreal Expos, six back, had gone into extra innings in Philadelphia.

Bob Tewksbury, who hadn't allowed the Pirates an earned run in 18 1/2 innings this season, gave up six on six hits in five-plus innings.

The Pirates scored three times in the first after Wally Beckman doubled and Tewksbury hit Jay Bell with a pitch. Andy Van Slyke doubled in one run. Bonilla hit a sacrifice fly and Barry Bonds singled in Van Slyke for his 113th RBI.

Bonilla, given a second chance in the third when third baseman Todd Zeile dropped his foul pop, hit a 3-2 pitch over the right-field wall for his 32d home run. Bonilla's 114 RBIs are the most by a Pirate since Dave Parker's 117 in 1978.

On Saturday, the Pirates' Stan Belinda threw a wild pitch that allowed St. Louis to score one run and he walked in another run as the Cardinals won, 3-2.

Rookie Randy Tomlin held the Cardinals on six hits until Milt Thompson doubled with one out in the eighth and Belinda relieved.

Sid Bream had driven in a run with a one-out double in the seventh and Zane Smith had pitched a five-hitter Friday night to give the Pirates a 1-0 victory.

Mets 7, Cubs 2: Darryl Strawberry hit his 37th homer Sunday and Darryl Boston hit a two-run shot as Dwight Gooden won his seventh straight for New York.

The right-hander struck out nine, raising his season total to 207, the first time he has reached 200 since 1986.

He allowed just three hits until the eighth, when pinch hitter Dave Clark, Jerome Walton, Ryne Sandberg and Mark Grace all singled to score two runs.

Strawberry hit a two-run homer to set a club record with 106 RBIs Saturday as the Mets ended a five-game losing streak by winning, 11-5. Darryl Boston had three hits and drove in four runs.

Andre Dawson of the Cubs stole his 300th base, joining Willie Mays

as the only players in major league history with 300 homers, 300 steals and 2,000 hits. Dawson's totals are 343, 300 and 2,191; Mays ended his career with 660, 338 and 3,283.

Ryne Sandberg's sacrifice fly in the eighth had given the Cubs a 4-3 victory on Friday night.

Phillies 3, Expos 2: Philadelphia beat Montreal in Veterans Stadium for the second straight game Saturday

as Mickey Morandini hit his first major-league home run for the Phillies. It was the first time since Aug. 22-24 that the Expos had lost consecutive games.

Lenny Dykstra had singled home Dave Hollis from first base with two outs in the 12th inning Friday night. Dykstra scored one run and knocked in another for the Phillies on Saturday. (AP, UPI)

Single-Minded Reds Sweep Doubleheader, Up Lead to 4

Compiled by Our Staff From Dispatches

Eric Davis drove in three runs and Cincinnati sent 11 batters to the plate in a six-run seventh that gave the Reds a 9-5 victory in San Diego and completed a doubleheader sweep of the Padres.

In the first game Saturday night, Barry Larkin drove in three runs as Cincinnati won, 6-4.

"We hadn't won a doubleheader all year," said Lou Piniella, the Reds' manager. "We sure picked a good time."

Cincinnati increased its lead to four games over the Los Angeles Dodgers in the National League West. Each team has 10 games left.

Davis had homered and driven in three runs as Jose Rijo pitched a five-hitter Friday night, when the Reds won, 10-1, to end a three-game losing streak.

In Saturday night's second game, the Reds got one hit off Allee Hamaker the first five innings, then got five singles with two outs in the sixth to pull ahead, 3-2.

A single, a walk and a double sealed set up Mariano Duncan's two-run double in the seventh. Davis singled in Duncan, then Chris Sabo walked and Glenn Briggs singled in Davis. A walk later, Terry Lee's two-run double made it 9-2.

Dodgers 6, Giants 3: Dennis Cook, in his first start for Los Angeles, held San Francisco to one run in 6 1/2 innings and singled during a five-run sixth as the Dodgers celebrated the 63d birthday of their manager, Tom Lasorda.

Kirk Gibson doubled home the first run in the sixth and Juan Samuel singled in two more.

Kal Daniels went 4-for-4 as the Dodgers won, 16-3, on Friday night. (UPI, AP)



Pittsburgh's Barry Bonds slid under Ozzie Smith with his 50th steal. Bonds and Eric Davis of Cincinnati are the only major league players to steal 50 bases and hit 30 homers in the same season.

The Way the Ball Bounces, It's All Notre Dame

The Associated Press

Top-ranked Notre Dame, playing back a scene from its last-minute victory over Michigan a week earlier, last used the passing of Rick Mirer to score a 20-19 victory over Michigan State, ranked No. 24 in The Associated Press college football poll.

In its season opener, a pass by Mirer was deflected by a Michigan defender into the hands of Adrian Jarrell, keeping alive the scoring drive that began the Notre Dame comeback to a 28-24 victory.

On Saturday at East Lansing, Michigan, Mirer's pass bounced off the chest of linebacker Todd Murray and into Jarrell's hands. Instead of a turnover that likely would have meant defeat, Notre Dame had a first down at the Spartans' two-yard line.

Three plays later, Rodney Culver's one-yard run brought victory.

"There's definitely somebody looking out for us," said Mirer.

The Irish (2-0), trailing by 19-14, began the winning drive with 5:15 remaining at their 19 and took 12 plays and 41 minutes, 41 seconds to score. Mirer, who completed 14 of 21 passes for 155 yards, threw a 24-yard pass to Jarrell during the drive. Culver scored three plays later, with 34 seconds to play.

No. 2 Florida St. 31, Tulane 13: Brad Johnson threw a 44-yard touchdown pass and went a yard on a quarterback sneak for another score as Florida State improved to 3-0 with the victory in New Orleans.

Johnson's touchdown pass ended a six-play, 67-yard drive during which he completed three straight passes for 35 yards, then found Edgar Bennett in the right flat. Johnson drove the Seminoles 73 yards before scoring on a sneak in the third quarter.

No. 4 BYU 62, San Diego St. 34: Brigham Young improved to 4-0 as Ty Detmer threw

COLLEGE FOOTBALL

for 514 yards in completing 26 of 38 passes, three to Andy Boyce for touchdowns in Provo, Utah.

No. 21 Washington 31, No. 5 Southern Cal 0: Mark Brunell of the Huskies (3-0) ran for a touchdown and passed for one in Seattle as he outplayed Todd Maxmovich, the highly touted sophomore for USC (2-1).

Brunell completed 12 of 23 passes for 197 yards and ran for 38 yards on eight carries. Maxmovich completed seven of 16 passes for 80 yards with two interceptions before leaving the game in the fourth quarter.

No. 7 Michigan 38, UCLA 15: Jon Vaughn ran 1, 23 and 63 for touchdowns for the Wolverines (1-1), who overcame a 353-yard passing effort by freshman Tommy Maddox of UCLA (1-2) in Ann Arbor, Michigan.

Vaughn scored the first touchdown to complete the Wolverines' 76-yard drive in the first quarter. His second scoring run was with 1:09 left in the half.

No. 8 Nebraska 56, Minnesota 0: Mickey

Joseph ran for two touchdowns and passed for two more in the Cornhuskers' 42-point first half in Lincoln, Nebraska.

No. 10 Virginia 59, Duke 0: Shawn Moore threw for three touchdowns and ran for one as Virginia (4-0) won in Durham, North Carolina. The Cavaliers have beaten Kansas, Clemson, Navy and Duke by a combined 194-31.

No. 11 Oklahoma 52, Tulsa 10: Two early touchdown passes from Steve Collins to Artie Guess set the tone as Oklahoma relied on passing for the victory in Norman, Oklahoma. The Sooners (3-0) threw 25 passes, six short of the school record set in 1938.

No. 12 Texas A&M 40, North Texas 8: Lance Pavlis threw for three touchdowns in the first half and Darren Lewis became the rushing leader for Texas A&M (3-0) with the victory at College Station, Texas. Lewis gained 132 yards to increase his total to 3,711, eight more than Curtis Dickey's school mark.

Mississippi 21, No. 13 Arkansas 17: In Little Rock, Arkansas, defensive backs Chris Mitchell and Chamey Godwin tackled Arkansas's Ron Dickerson at the one-yard line in the game's final seconds, securing the upset for the Rebels.

No. 15 Illinois 56, Southern Illinois 0: Howard Griffith scored all eight of the Illini's touchdowns, a National Collegiate Athletic Association record, in the victory in Champaign, Illinois. Griffith broke the mark of seven touchdowns scored in 1951 by Ar-

nold Boykin of Mississippi against Mississippi State and wiped out the record of 43 points in a game set by Jim Brown of Syracuse against Colgate in 1956.

No. 17 Clemson 48, Appalachian St. 0: Freshman Ronald Williams rushed for 183 yards and three touchdowns in his first start. Williams, replacing the injured Rodney Blunt, scored on runs of 4, 7 and 38 yards as the Tigers won in Clemson, South Carolina.

No. 18 Arizona 22, Oregon 17: Darryl Lewis, who had a 65-yard punt return touchdown called back on a penalty in the first quarter, returned an interception 52 yards to put the Wildcats (3-0) ahead to stay in the third period in Tucson, Arizona.

Then, with nine seconds left, Lewis tackled Oregon quarterback Bill Musgrave inches shy of scoring on fourth and goal.

No. 19 Florida 27, Furman 3: The Gators (3-0), who learned two days earlier that NCAA probation will keep them from playing in a bowl game this season, methodically pulled away from the nation's top-ranked Division I-AA team in the game in Gainesville, Florida. Ernie Rhee rushed for 98 yards and three touchdowns.

No. 20 Colorado 29, No. 22 Texas 22: Eric Bicknemy scored three touchdowns, two on short runs in the fourth quarter, as Colorado (2-1-1) overcame an eight-point deficit in Austin, Texas.

We can help you call your boss in Boston.

Or your partner in Palo Alto.
Or your broker in Boca Raton.
With AT&T USADirect® Service, calling the States is fast and easy. You just dial the special AT&T USADirect access number for the country you're in.
Within seconds, you'll experience one of the friendliest sounds you can hear when you're away from home. An AT&T Operator offering to help you complete your call.
Use your AT&T Calling Card or call collect. And not only can you minimize hotel surcharges but you can also save with our international rates.

Only AT&T USADirect Service puts you in easy reach of an AT&T Operator in the States from over 75 countries around the world.
And it's just another way AT&T is there to help you from practically anywhere in the world.
Whether it's calling your boss in Boston.
Or your client in Kalamazoo.

AT&T USADirect Service.
Your express connection to AT&T service.

AREA	NUMBER	AREA	NUMBER	AREA	NUMBER
ALABAMA	002-902-011	FRANCE	011-001	NETHERLANDS	007-022-011
ALASKA	000-001	GERMANY	007-000-000	NORWAY	000-02-011
ARIZONA	011-000-011	GREECE	007-000-011	SWEDEN	000-705-011
ARKANSAS	002-000-011	HAWAII	007-35-011	SWITZERLAND	004-05-011
CALIFORNIA	000-000	INDIA	007-000	UK	000-00-011
CANADA	001-000-000	IRELAND	007-000	WEST GERMANY	003-000
CONNECTICUT	002-000-011	ITALY	007-000	ZIMBABWE	000-000
DELAWARE	000-000	JAPAN	007-000		
FLORIDA	000-000-011	NETHERLANDS	007-000		

*Airtel second dial tone.
*Public phones require coin or card.
*In Canada dial 916-0200.

For additional USADirect access numbers or information about the service, call us collect at 412-553-7738. When in the US, call 1 800 874-4000 Ext. 416 for your free USADirect information card.

AT&T
The right choice.



Bobbi Coney
AT&T Operator
Pittsburgh, PA

